



## Agenda

### Notice of a public meeting of **Audit Committee**

**To:** Councillors Cliff Lunn (Chairman), Alyson Baker, Philip Broadbank, Lindsay Burr MBE, Mark Crane, George Jabbour, Nigel Knapton, Karin Sedgwick, Neil Swannick and Matt Walker, and Mr Nick Grubb, Mr David Marsh and Mr David Portlock.

**Date:** Monday, 27th June, 2022

**Time:** 1.30 pm

**Venue:** Brierley Room, County Hall, Northallerton

**This meeting is being held as an in-person meeting in public. Everyone participating in, or observing, this meeting must be present at the meeting venue.**

### Business

1. Apologies for Absence
2. Minutes of the informal remote meeting of the Committee held on 21 March 2022 (Pages 3 - 10)
3. Election of Vice-Chairman
4. Declarations of Interest
5. **Public Questions or Statements**

Members of the public may ask questions or make statements at this meeting if they have given notice (including the text of the question/statement) to Ruth Gladstone of Democratic Services (contact details at the foot of page 1) by midday on Wednesday 22 June. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

  - At this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes).
  - When the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chairman who will instruct anyone who may be taking a recording to cease while you speak.

6. **Progress on Issues Raised by the Committee** (Pages 11 - 12)  
Joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services)
7. **Audit Committee Terms of Reference / Review of Effectiveness / Co-opted Members** (Pages 13 - 24)  
Report of the Corporate Director – Strategic Resources
8. **Annual Report of the Head of Internal Audit** (Pages 25 - 46)
9. **Internal Audit Plan 2022/23** (Pages 47 - 58)  
Report of the Head of Internal Audit
10. **Draft Statement of Final Accounts 2021/22** (To Follow)  
Report of the Corporate Director – Strategic Resources
11. **Corporate Governance** (Pages 59 - 74)  
Report of the Corporate Director – Strategic Resources
12. **Counter Fraud Annual Report** (Pages 75 - 120)  
Report of the Head of Internal Audit
13. **Review of Assurance over Value for Money** (Pages 121 - 128)  
Report of the Corporate Director – Strategic Resources
- 14(a) **Children and Young People's Services Directorate - Internal Audit Work** (Pages 129 - 138)  
Report of the Head of Internal Audit
- 14(b) **Children and Young People's Services Directorate - Internal Control Matters** (Pages 139 - 164)  
Report of the Corporate Director – Children and Young People's Services
15. **Programme of Work** (Pages 165 - 166)
16. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances**

Barry Khan  
Assistant Chief Executive  
(Legal and Democratic Services)

County Hall  
Northallerton

Friday, 17 June 2022

## North Yorkshire County Council

### Audit Committee

Minutes of the informal remote meeting held on Monday, 21st March, 2022 commencing at 1.30 pm.

County Councillor Cliff Lunn in the Chair; plus County Councillors Karl Arthur, Margaret Atkinson and David Hugill, Mr Nick Grubb, Mr David Marsh and Mr David Portlock

In attendance: County Councillors Carl Les and Gareth Dadd

Officers present: Vicki Dixon, Gary Fielding, John Raine, Fiona Sowerby, Max Thomas and Ruth Gladstone

Other Attendees: Nicola Wright (Deloitte), Nick Rayner (Deloitte) and Alex Ferezan (Deloitte)

Apologies: County Councillors Robert Baker, Philip Broadbank, Jim Clark and Don MacKay

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#### Copies of all documents considered are in the Minute Book

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#### **249 Minutes of the Informal Meeting of the Committee held on 13 December 2021**

##### **Resolved –**

That the Minutes of the informal meeting of Audit Committee Members held on 13 December 2021, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

#### **250 Declarations of Interest**

There were no declarations of interest.

#### **251 Public Questions or Statements**

There were no questions or statements from members of the public.

#### **252 Progress on Issues Raised by the Committee**

Considered –

The joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) which advised of progress made on issues raised at previous meetings, and other matters that had arisen since the Committee's last meeting and related to the work of the Committee.

Gary Fielding (Corporate Director – Strategic Resources) highlighted that, since preparation of the report, the Bank of England had raised the base rate to 0.75%.

##### **Resolved –**

That the report be noted.

### **253 External Audit Annual Report 2020/21**

Considered –

The report of Deloitte which set out the key findings arising from the work which Deloitte had carried out regarding North Yorkshire County Council for the year ended 31 March 2021 and included commentary on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources "VfM".

The report advised that Deloitte had issued an unqualified opinion on the Council's financial statements on 22 December 2021 and that Deloitte had identified no significant weaknesses in the Council's VfM arrangements.

Nick Rayner of Deloitte introduced the report and responded to Members' questions. During discussion:-

- Members commented that financial staff from the County Council and the District and Borough Councils were working very closely together regarding local government reorganisation, including on the amalgamation of financial forecasts.
- Mr David Portlock congratulated the Council for having no issues with its VfM arrangements and that Deloitte's had no recommendations in respect of significant weaknesses.
- Nick Rayner confirmed that a date had not been announced for the issuing of central guidance relating to Whole of Government Accounts work. He confirmed that this would not impact the commencement of Deloitte's audit work for 2021/22.

**Resolved –**

That the report be noted.

### **254 External Audit Planning Report for Year Ending 31 March 2022 - North Yorkshire County Council**

Considered –

Deloitte's planning report for the County Council for the year ended 31 March 2022 which set out respective responsibilities in relation to the financial statements audit and invited Members to ask questions at this stage of the audit.

The report included Deloitte's audit plan, including key audit judgements and the planned scope, and key regulatory and relevant corporate governance updates.

Nicola Wright of Deloitte introduced the report and, together with Nick Rayner, responded to Members' questions. During discussion:-

- Nicola Wright confirmed that Deloitte had discussed and agreed, with the Council's Finance Team, a plan for achieving the 30 November 2022 deadline for publishing the audited accounts for 2021/22.
- With regard to the planned format of the Council's financial statements for 2021/22, John Raine confirmed that the Council's Finance Team intended, working alongside Deloitte, to streamline disclosures as much as possible. However, streamlining disclosures could sometimes be a challenge due to the conflict with the requirement to include the disclosures required by the Code of Practice.

- Nicola Wright clarified that Deloitte’s 2021/22 work would include checking that the County Council’s existing internal governance procedures and processes continued to operate well at the time when the focus was on change to the new unitary North Yorkshire Council. Deloitte would also be looking to understand the process through which the County Council was preparing for local government reorganisation and the impact of such work during 2021/22.
- Nicola Wright explained that inflation was not included in the list of significant audit risks on page 45 because this list referred to the risks that the Council’s financial statements would include incorrect transactions and figures. She added that inflation, whilst an important risk, was more of an operational risk for the Council. However, if the Council made inflationary assumptions, Deloitte might challenge such assumptions if they felt that they were too prudent or too optimistic. Gary Fielding added that he regarded inflation as one of the key risks for the budget in the medium term financial plan over the next three years. Members supported the view that higher inflation would not be a short-term problem.

**Resolved –**

That the report be noted.

**255 External Audit Planning Report for Year Ending 31 March 2022 - North Yorkshire Pension Fund**

Considered –

Deloitte’s planning report for North Yorkshire Pension Fund for the year ended 31 March 2022 which set out respective responsibilities in relation to the financial statements audit and invited Members to ask questions at this stage of the audit.

The report included Deloitte’s audit plan, including key audit judgements and the planned scope, and key regulatory updates.

Nicola Wright of Deloitte introduced the report and, together with Alex Ferezan, responded to Members’ questions. During discussion:-

- Nicola Wright advised that Deloitte had planned, with the Council’s pension staff, for the audit of the 2021/22 financial statements of North Yorkshire Pension Fund to conclude to the same deadline, ie end of November 2022, as the audit of the Council’s 2021/22 financial statements.
- Nicola Wright advised that Deloitte considered, from an audit perspective, that it was unlikely that there would be a material misstatement arising from implementation of the McCloud public sector pensions remedy.
- David Portlock advised that he was the Chair of the North Yorkshire Pension Board. He then referred to page 85 which was headed “Topical matters – New powers to block suspicious pension transfers” and included the Deloitte response “the Audit Committee should engage with the administration at the Fund to ensure that processes have been put in place to ensure that the new rules were implemented from 30 November 2021 and that these further steps have been implemented to protect members against pension scams”. David Portlock queried whether such business should come to the Audit Committee or the Pension Board. Gary Fielding undertook to arrange for a piece of work to be undertaken to give an assurance and then ensure it was shared across the board.
- Members referred to page 93 which was headed “Independence and fees” and

included the statement "... we have documented our assessment on the threats and safeguards concerned with the delivery of services to, and the receipt of fees from BCPP, along with our assessment on the opinion of a reasonable and informed third party on these services". Members asked whether the document was a public document or a Deloitte internal document. Nicola Wright advised that this was an internal, independent assessment on Deloitte's files.

**Resolved –**

That the report be noted.

**256 Progress on 2021/22 Internal Audit Plan**

Considered –

The report of the Head of Internal Audit which advised of progress made to date in delivering the 2021/22 internal audit programme of work and other related services (ie, information governance and counter fraud) delivered to the County Council by Veritau. The report also highlighted issues likely to impact on the programme of work throughout the remainder of the year.

The Head of Internal Audit introduced the report and responded to Members' questions. During discussion:-

- Members commended the leaflet aimed at increasing fraud awareness which had been sent out with Council Tax bills.
- Members highlighted the high number of 2021/22 audits where the status was currently marked either "fieldwork in progress" or "planning". They questioned Max Thomas concerning whether he was confident that sufficient audit work would be carried out, and evidence obtained, in order for him to give an annual opinion later in 2022. Max Thomas responded that, based on reports from staff, he was confident that the work would be completed and Veritau would have sufficient coverage to provide a sufficiently comprehensive, evidence based opinion.

**Resolved –**

That the progress made in delivering the 2021/22 Internal Audit programme of work and other assurance related services provided by Veritau be noted.

**257 2022/23 Internal Audit Plan Consultation**

Considered –

The report of the Head of Internal Audit which sought Members' views on the priorities for internal audit in 2022/23.

Max Thomas (Head of Internal Audit) introduced the report and responded to Members' questions. During discussion:-

- Max Thomas highlighted that much of Veritau's forthcoming work would be influenced, or directly connected to, local government reorganisation (LGR). Members asked about the impact of this on the work that Veritau normally undertook across the Council so that, at the end of the year, Veritau would be able to give an assurance about the controls and governance across the Council. In response, Max Thomas highlighted the following:- (i) Veritau staff from Counter

Fraud and Information Governance were supporting LGR workstreams by providing advice and challenge. (ii) The main focus for internal audit work in the forthcoming year would be to ensure that controls continued to operate right up to the end of the year and that there was ongoing compliance with the Council's existing policies and procedures. (iii) Individual directorate-themed audits would be included in the areas to be covered during the year by Veritau, together with cross cutting audits. However, there would be a change of emphasis, with less systems assurance work being undertaken as such work would not necessarily be relevant in the current situation.

- In response to Members' questions, Gary Fielding advised that his primary concern at present was obtaining sufficient staff to be able to do the work and with the right skills set to take on the extra task of building to deliver LGR. He very much welcomed Veritau's input in making sure systems would be set up correctly from the outset. He also regarded, as a positive, the work around the increasing focus on integration with Health and forthcoming changes relating to social care charging.
- Members commented that Veritau had provided internal audit services for most district councils within North Yorkshire and this would be of great value in bringing systems together.

**Resolved –**

That the draft Internal Audit Plan for 2022/23 be noted.

**258 Accounting Policies**

Considered –

The report of the Corporate Director - Strategic Resources concerning the County Council's Accounting Policies for 2021/22, and potential changes in the pipeline that were likely to impact on future years' accounting policies and the SOFA.

John Raine (Head of Technical Finance) introduced the report, advising that, at present, there were no changes to the Code of Practice that impacted on the County Council's 2021/22 Accounting Policies. CIPFA was currently considering the matter of delays to the publication of audited financial statements and this might create potential changes in accounting policies going forward. John Raine also highlighted the national changes to the timetable for publishing local authority accounts and advised that the intention, within the County Council, was to report the draft SOFA to the Audit Committee's meeting on 27 June 2022, to undertake the external audit between July and November, and to report the final SOFA to the Committee's meeting on 28 November 2022.

**Resolved –**

- (a) That it be noted that there are no changes, at present, to the Accounting Policies for 2021/22.
- (b) That the changes to the Statement of Accounts timetable for 2022 be noted.
- (c) That the potential changes to the SOFA and accounting policies which are in the pipeline for 2022/23 onwards be noted.

**259 Treasury Management Strategy**

Considered –

The report of the Corporate Director – Strategic Resources inviting Members to review and comment on the 2022/23 Treasury Management Strategy approved by the County Council on 16 February 2022.

Gary Fielding and John Raine answer Members' questions, which included the following:-

- The variation, between years, in the prudential indicator for the County Council's capital expenditure plans (page 121) was due to central grants having not yet been put in place for those programmes that drove expenditure.
- With regard to inflation, the County Council took advice from external treasury management specialists. Usually consumer spending fuelled inflation but this was not the case in terms of the current rise in inflation. Instead the upward pressure was due to distressed supply chains and geopolitical events. There was no impact on the County Council's finances when inflation rates increased because all the County Council's loans were on fixed rates and the County Council had no external debt on variable rates. The County Council's short-term investment returns increased when inflation rose. The negative side of rising inflation was the cost to the County Council's supply chains, which resulted in increased prices.
- The County Council was not planning to make further commercial investments at this stage. All the County Council's previous commercial investments had been funded through internal cash. All its commercial investments had generated a return in excess of the amounts that would have been achieved had the money instead been invested in cash and on a daily basis.
- Savings arising from local government reorganisation had not been factored into the County Council's accounts because it would be the new unitary Council that would benefit from such savings, although a lot of work would be required to achieve them. However, the scale of such savings should be more than adequate to deal with the County Council's current projected deficit and the current projected deficits from the district councils. There would be many challenges in the forthcoming 3 to 4 years and the savings achieved may well be required to provide sufficient headroom and agility to respond to the challenges as they arose.

Members identified no comments which they wished to propose to the Chief Executive Officer for onward recommendation, under his emergency delegated decision making powers, to the Executive.

**Resolved –**

That the 2022/23 Treasury Management Strategy be noted.

**260 Corporate Governance**

Considered –

The report of the Corporate Director – Strategic Resources inviting Members to review and propose amendments to the updated Local Code of Corporate Governance.

Gary Fielding introduced the report, highlighting that officers were proposing a number of changes, which were shown as tracked changes in the report, to update the Local Code and that the two principle areas that had been impacted were the consequences of the Covid pandemic and local government reorganisation.

**Resolved –**

That the updated Local Code of Corporate Governance, as set out at Appendix A to the



report, be recommended to the Chief Executive Officer for him to recommend it, under his emergency delegated decision making powers, for formal approval by himself under paragraph 4.1(m) of the Officers' Delegation Scheme, in consultation with the Leader of the Council, the Executive Member for Central Services, the Corporate Director – Strategic Resources, and the Assistant Chief Executive (Legal and Democratic Services).

## **261 Information Governance Annual Report**

Considered –

The report of the Corporate Director – Strategic Resources, providing an update on Information Governance matters, developments in the County Council's Information Governance arrangements, details of related performance, and compliance with relevant legislation.

Gary Fielding introduced the report and, together with Max Thomas and Fiona Sowerby, responded to Members' questions. During debate, officers confirmed that information governance remained one of the top risks for the County Council. Cyber security was an area of increasing concern and complexity, with the prevalence of cyber-attacks increasing and causing significant harm. As an organisation, the County Council was getting better at identifying issues, with staff reporting them more readily. This was important because, in addition to the requirement to report serious breaches to the ICO, it provided the knowledge and the ability to address some of the underlying causes and to reduce risks.

**Resolved –**

That the County Council's information governance arrangements and activities during the year be noted.

## **262 Central Services Directorate - Internal Audit Work**

**a**

Considered –

The report of the Head of Internal Audit which advised of the internal audit work performed during the 8 months to 31 January 2022 for the Central Services Directorate.

Max Thomas introduced the report, highlighting that Veritau had issued two final reports during the period for the Central Services Directorate and the outcomes were set out in Appendix 1 to the report. The Covid-19 pandemic had continued to cause some delays in audit work. A number of other audits were therefore currently at draft report stage or fieldwork was still progressing. No significant issues had been identified in the work completed to date.

**Resolved –**

That the results of internal audit work performed in the period for the Central Services Directorate be noted.

## **262 Central Services Directorate - Internal Control Matters**

**b**

Considered –

The report of the Corporate Director – Strategic Resources which provided an update of issues and progress against governance related areas identified within the Central

Services Directorate, together with the Directorate's latest Risk Register.

Vicki Dixon (Assistant Director – Strategic Resources) introduced the report and, together with Gary Fielding, responded to Members' questions. During debate:-

- Members questioned why there was no fallback plan for the risk “failure to support the Council’s aspiration to achieve carbon neutrality for 2030 resulting in unmet public expectation and missed opportunities for energy spend reduction” (page 226). Gary Fielding responded that this was an interesting question because the target date of 2030 was so far ahead, and he wondered whether the Council wanted to give the impression of admitting that a plan was needed for not delivering an objective that was so far in the future. Officers undertook to give this more thought.
- Staff recruitment was a challenge and various strategies had been put in place. Past experience of local government reorganisations, which had not taken place during a pandemic, and when the labour workforce market was not as challenging as it was at present, had identified that, due to natural turnover, there had been very few redundancies, and most organisations had found themselves with fewer staff than they wanted and needed.

**Resolved –**

- (a) That the position regarding the Central Services Directorate’s key governance issues be noted.
- (b) That the Directorate Risk Register for the Central Services Directorate be noted.

**263 Programme of Work**

Considered –

The Committee’s programme of work which identified items of business scheduled for consideration at each of the Committee’s forthcoming meetings.

Gary Fielding introduced the programme of work, highlighting that training sessions would be arranged to include:- an update on LGR (MTFS and governance issues); pensions governance; and governance of external companies. The order in which these issues would be taken might be changed, and other suggestions would be welcome.

**Resolved –**

That the Committee’s programme of work be noted.

The meeting concluded at 3.15 pm.

## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 June 2022

#### PROGRESS ON ISSUES RAISED BY THE COMMITTEE

**Joint Report of the Corporate Director – Strategic Resources  
and the Assistant Chief Executive (Legal and Democratic Services)**

<b>1.0</b>	<b>PURPOSE OF THE REPORT</b>
1.1	To advise Members of <ul style="list-style-type: none"> <li>(i) progress on issues which the Committee has raised at previous meetings</li> <li>(ii) other matters that have arisen since the last meeting and that relate to the work of the Committee</li> </ul>

#### **2.0 BACKGROUND**

2.1 This report is submitted to each meeting listing the Committee’s previous Resolutions and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
25.10.21	159 – Audit Committee Work Programme	That, in respect of training sessions held immediately prior to the Committee’s meetings:- <ul style="list-style-type: none"> <li>i. Governance of the Highways Teckal be scheduled for 26 October 2020</li> <li>ii. Pensions Governance be scheduled for 27 March 2020</li> <li>iii. A session about Beyond 2020 including Property Rationalisation be organised for the External Members only</li> </ul>	These have now been added to the work programme	

### 3.0 TREASURY MANAGEMENT

3.1 The Bank of England first raised interest rates in December 2021 from 0.10% to 0.25%. This was subsequently followed by 3 further rises in February, March and May 2022 to 1.0%. The Bank of England then announced a further rate rise to 1.25% in June. Following the Bank of England interest rate rises, the County Council's Treasury Advisors, Link, have revised their own Interest Rate forecasts. It is now forecast that further increases will be made in June, followed by further increase throughout the year and rising to 2% in March 2023 as the Bank of England focus on combating inflation.

### GOVERNANCE ARRANGEMENTS FOR LOCAL AUTHORITY TRADING COMPANIES

3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) recently announced it will issue new guidance to councils on governance arrangements for local authority trading companies (LATCs) in the autumn. The focus of the guidance will be on reducing risk and building stronger assurance processes, while supporting chief finance officers to improve good financial management in line with CIPFA's Financial Management Code. A further update will be provided to the Audit Committee following publication of the guidance.

### 4.0 RECOMMENDATION

4.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

GARY FIELDING  
Corporate Director – Strategic Resources

BARRY KHAN  
Assistant Chief Executive  
(Legal and Democratic Services)

County Hall  
NORTHALLERTON

27 June 2022

**Background Documents:** Report to, and Minutes of, Audit Committee meetings held on 21 March 2022

## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

#### AUDIT COMMITTEE TERMS OF REFERENCE / REVIEW OF EFFECTIVENESS / CO-OPTED MEMBERS

##### Report of the Corporate Director – Strategic Resources

### 1.0 PURPOSE OF THE REPORT

- 1.1 To consider whether any changes to the Audit Committee's Terms of Reference or other actions are required to improve the Committee's effectiveness.
- 1.2 To consider an extension of the term of the existing independent co-opted members of the Audit Committee.

### 2.0 BACKGROUND

- 2.1 It is best practice to formally review the Committee's Terms of Reference on a regular basis and to make changes as necessary. This report therefore seeks to identify any further changes that may now be required as a result of recent legislation, developments in recommended best practice or changes in the Council's governance arrangements. Members' views are also sought on whether the current Terms of Reference enable the Committee to continue to discharge its responsibilities effectively.
- 2.2 The Committee last reviewed its Terms of Reference at its meeting on 22 March 2021. At that time no changes were considered necessary.
- 2.3 Since then there have been no significant changes in legislation or Codes of Practice. However, the Chartered Institute of Public Finance and Accountancy (CIPFA) is expected to issue updated guidance for audit committees in local government within the next few months. In anticipation of this CIPFA has recently published a position statement which sets out the recommended purpose, model, core functions and membership of audit committees. CIPFA expects all local government bodies to adopt the principles set out in this statement. The 2022 position statement replaces the 2018 edition and is attached as **appendix 1** for information.
- 2.4 CIPFA is now recommending that local authority audit committees should now include at least two co-opted independent members to provide appropriate technical expertise.
- 2.5 The Government has also recently published its response to the Sir Tony Redmond review of the effectiveness of external audit and the transparency of financial reporting in local government. The review was originally commissioned by the

Government in response to concerns about timeliness and capacity in the external audit sector. The report itself was published in September 2020 and contained a number of recommendations. The Government is now proposing that:

- the new Audit, Reporting and Governance Authority (ARGA) will become the regulator and system leader for external audit in local government. ARGA will also take on responsibility for preparing the Audit Code of Practice from the National Audit Office (NAO)
- ARGA will take on a similar role for the audit of health bodies (Clinical Commissioning Groups and Health Trusts)
- audit committees will be made mandatory in local government
- there will be a requirement to appoint at least one independent member to audit committees
- the Department for Levelling Up, Housing and Communities (DLUHC) will support the Local Government Association (LGA) to provide a programme of training for audit committee chairs and members
- to improve capacity in the audit sector, DLUHC will also work with ARGA and some of the firms to develop a workforce strategy

2.6 A number of these proposals will require legislation and the establishment of ARGA will take time so the changes will not be immediate. DLUHC will also need to wait until the current procurement exercise for the next round of external audit contracts is concluded by Public Sector Audit Appointments Limited (PSAA). The new contracts will cover the 2023/24 – 2027/28 audit years and the outcome will not be known until the autumn. We will therefore keep the Audit Committee updated of developments.

### **3.0 TERMS OF REFERENCE**

3.1 The current Terms of Reference of the Committee are attached as **appendix 2**. No further changes are proposed until the detailed guidance is published by CIPFA. If any changes are then considered necessary these will be brought to the following meeting of this Committee for consideration.

### **4.0 REVIEW OF AUDIT COMMITTEE EFFECTIVENESS**

4.1 The last full review of the Committee's effectiveness was completed in early 2020. The review concluded that the Committee adds value and is generally effective in promoting good governance and the maintenance of appropriate risk management and control arrangements within the Council. A number of areas of good practice were identified including the ability to question Corporate Directors, the appointment of independent members to the Committee and the time allowed to discuss substantive matters. The following issues were identified as areas requiring change or improvement:

- identifying and addressing gaps in the knowledge and skills of Committee Members
- adopting a more structured approach to training for Committee Members

- doing more to explain the role and purpose of the Committee to the rest of the Council, and the relationship between the Committee and the Council's Executive, Scrutiny functions and Standards Board
- helping Members of the Committee to engage more effectively with the discussion on relevant matters and to provide challenge where necessary (ie doing more to help Members understand how the Council operates and what they are being asked to consider)
- ensuring the Committee continues to fulfil its purpose which requires Members to seek assurance but keep discussions sufficiently high level (ie to focus on overseeing and monitoring the Council's governance, risk management and control arrangements)
- reviewing the voting rights of the independent co-opted Members (subject to any legal restrictions)

4.2 Work has been ongoing to develop a more structured programme of training for the Committee. An induction session was provided for the new members of the Committee on 6 June 2022 and further subject specific training is planned. We also plan to reinstate the Committee's periodic private meetings with the external and internal auditors.

## **5.0 INDEPENDENT CO-OPTED MEMBERS**

- 5.1 The Constitution allows for the appointment of up to 3 independent co-opted members to the Committee. The term of appointment is 4 years from 31 July in the year that the County Council has elections. This date was originally chosen to allow the annual Statement of Accounts to be prepared and approved before any new co-opted members were appointed, hence avoiding any loss of knowledge or expertise. The term of the current co-opted members is therefore due to finish on 31 July 2022.
- 5.2 However, there are two issues to consider. Firstly, local government reorganisation is going to increase the burden on the audit committee in the short-term because of the need to oversee the audit and approval of each of the North Yorkshire district council Statement of Accounts, in addition to those of the County Council. Secondly, the Covid-19 pandemic has resulted in delays in the audit and approval of local government accounts in general.
- 5.3 Given these issues and to avoid any loss of knowledge or expertise at this crucial time it is recommended that the Audit Committee agrees to recommend to full Council an extension of the term of the existing co-opted members to 30 November 2023. This would be a one-off extension with any subsequent appointments reverting to the existing 4 year cycle aligned to the Council elections. The proposed extension would require the approval of full Council.
- 5.4 Any extension would also be dependent on each of the existing co-opted members remaining eligible for appointment. For example, they are not affiliated to any political party and remain resident in or have some other connection with North Yorkshire.

## **6.0 RECOMMENDATION**

Members are asked to consider:

- 6.1 whether any changes are required to the Terms of Reference of the Committee at this time.
- 6.2 whether the existing term of the independent co-opted members should be extended to 30 November 2023 or some other date, subject to the approval of full Council.

GARY FIELDING  
Corporate Director – Strategic Resources

County Hall  
NORTHALLERTON

14 June 2022

### **Background Documents:**

None





## CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

### Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

### Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

**The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.**

## CIPFA's Position Statement 2022: Audit committees in local authorities and police

### Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

### Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

## Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

### Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

### Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and conformance to professional standards
  - support effective arrangements for internal audit
  - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

### Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
  - promoting apolitical open discussion
  - managing meetings to cover all business and encouraging a candid approach from all participants
  - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

## Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

# AUDIT COMMITTEE

## TERMS OF REFERENCE

1. In respect of **Internal Audit**

- ◆ to approve the Internal Audit Charter, Annual Audit Plan and performance criteria for the Internal Audit Service.
- ◆ to review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary.
- ◆ to review the effectiveness of the anti-fraud and corruption arrangements throughout the County Council.
- ◆ consider the annual report from the Head of Internal Audit.
- ◆ to obtain assurance that the work of internal audit conforms to the Public Sector Internal Audit Standards.

2. In respect of **External Audit**

- ◆ to ensure the independence of External Audit is maintained
- ◆ to review the annual audit plan and monitor its delivery

3. To review, and recommend to the Executive, changes to **Contract, Finance and Property Procedure Rules**.

4. In respect of **financial statements**

For both the County Council and the North Yorkshire Pension Fund

- ◆ to approve the respective annual Statements of Final Accounts
- ◆ to receive and review the Annual Audit Letters and associated documents issued by the External Auditor
- ◆ to review changes in accounting policy.

5. In respect of **Corporate Governance**

- ◆ to assess the effectiveness of the County Council's Corporate Governance arrangements
- ◆ to review progress on the implementation of Corporate Governance arrangements throughout the County Council
- ◆ to approve Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund

- ♦ to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct or both Members and Officers
  - ♦ to work with the Standards Committee to promote good ethical standards within the County Council
  - ♦ to review the arrangements in place for ensuring good governance in the County Council's key partnerships and owned companies
6. In respect of **Risk Management**
- ♦ to assess the effectiveness of the County Council's Risk Management arrangements
  - ♦ to review progress on the implementation of Risk Management throughout the County Council.
7. In respect of **Information Governance**
- ♦ to review all corporate policies and procedures in relation to Information Governance
  - ♦ to oversee the implementation of Information Governance policies and procedures throughout the County Council.
8. In respect of **Treasury Management**
- ♦ to be responsible for ensuring effective scrutiny of the County Council's Treasury Management strategy and policies as required by the CIPFA Treasury Management Code of Practice
  - ♦ to review these Treasury Management strategies, policies and arrangements and make appropriate recommendations to the Executive.
9. In respect of **Value for Money**
- ♦ to have oversight of the arrangements across the County Council in securing Value for Money
10. To consider any other relevant matter referred to it by the County Council, Executive or any other Committee. In addition any matter of concern can be raised by this Committee to the full County Council, Executive or any other Member body.
11. To exercise all functions in relation to the making and changing of policy relating to such audit and counter-fraud matters which fall within the remit of the Committee (save as may be delegated otherwise).
12. To periodically review the effectiveness of the Audit Committee itself.

13. To meet not less than four times a year on normal business and review its Terms of Reference on an annual basis.



## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

#### ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

##### 1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the internal audit work performed during the year ended 31 March 2022 and to express an opinion on the overall framework of governance, risk management and control in place within the County Council.
- 1.2 To inform Members of Veritau's conformance to professional standards and the conclusions arising from the Quality Assurance and Improvement Programme (QAIP).

##### 2.0 BACKGROUND

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards and the County Council's Internal Audit Charter. The applicable standards for local government are the Public Sector Internal Audit Standards (PSIAS). These comply with the international standards issued by the global Institute of Internal Auditors (IIA). As well as providing a definition of internal auditing, the PSIAS detail the Code of Ethics for internal auditors and provide quality criteria against which performance can be evaluated. The latest version of the standards was published in April 2017. The Chartered Institute of Public Finance and Accountancy (CIPFA) has also issued further guidance in the form of an application note. The application note includes a checklist to assist internal audit practitioners to review and update working practices.
- 2.2 To comply with the Standards, the Audit Committee approved an Audit Charter which sets out the purpose, authority and responsibility of internal audit. The Audit Charter also defined certain elements of the internal audit framework including the 'board', 'senior management' and the 'chief audit executive', as follows:
  - 'Board' – was defined as the Audit Committee (given its responsibilities in relation to internal audit standards and activities);
  - 'Senior Management' – was defined as the Corporate Director - Strategic Resources in his role as s151 officer. In addition, senior management may also refer to the Management Board or the Chief Executive and/or any other Corporate Director;
  - 'Chief audit executive' – was defined as the Head of Internal Audit (Veritau).
- 2.3 The Audit Charter is reviewed on an annual basis and any proposed changes are brought to the Audit Committee. The Charter was last updated in October 2019. No further changes are considered necessary at this time.

- 2.4 In accordance with the Standards, the Head of Internal Audit is required to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control operating within the County Council. The Head of Internal Audit should also contribute to the preparation of the Annual Governance Statement by identifying any significant control issues identified during the course of audit work, and report any material breaches of the County Council's Finance, Contract and Property Procedure Rules to the Audit Committee.
- 2.5 The Head of Internal Audit is also required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit Committee along with any areas of non-conformance with the Standards. The QAIP consists of various elements, including:
- maintenance of a detailed audit procedures manual and standard operating practices
  - ongoing performance monitoring of internal audit activity
  - regular customer feedback
  - training plans and associated training and development activities
  - periodic self-assessments of internal audit working practices (to evaluate conformance to the Standards).
- 2.6 In addition, a formal external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The most recent external assessment of Veritau internal audit working practices was undertaken in November 2018<sup>1</sup>. This concluded that Veritau internal audit activity generally conforms to the PSIAS<sup>2</sup>.
- 2.7 The results of customer feedback and the self-assessment are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans.

### 3.0 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

- 3.1 The annual report of the Head of Internal Audit is attached at **appendix 1**. The report includes details of the internal audit work completed during 2021/22, the annual opinion of the Head of Internal Audit and the results of the Quality Assurance and Improvement Programme.
- 3.2 In addition to the annual opinion the Head of Internal Audit is required to provide:
- (a) details of any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)

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<sup>1</sup> Reported to the Audit Committee in March 2019.

<sup>2</sup> PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

- (b) details of any particular control weakness judged to be relevant to the preparation of the annual governance statement
- (c) a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
- (d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.

3.2 As well as completing internal audit work Veritau has also provided a counter fraud service to the County Council. This has included the maintenance of policies, risk assessments, fraud prevention and detection measures, fraud awareness training and the investigation of suspected fraud. Further details of this work are provided in the annual counter fraud report for 2021/22 which is a separate item on this agenda.

#### 4.0 **BREACHES OF FINANCE, CONTRACT AND PROPERTY PROCEDURE RULES**

4.1 As in previous years, breaches of Finance, Contract and Property procedures rules are identified through ongoing internal audit work.

4.2 Where breaches are identified, it is usually sufficient to draw the matter to the attention of management for the appropriate remedial action to be taken. If a wider training need is identified this will be addressed accordingly. Finally in those cases where the breach identifies a fundamental weakness/deficiency in the relevant Procedure Rule this will be addressed separately as part of the ongoing review process for all the County Council's Procedure Rules.

4.3 There were no material breaches of the Procedure Rules identified during the year although a number of issues were raised with management through the normal audit reporting process.

#### 5.0 **RECOMMENDATIONS**

5.1 Members are asked to note:-

- (i) the **Substantial Assurance** opinion of the Head of Internal Audit regarding the overall framework of governance, risk management and control operating within the County Council as set out in appendix 1
- (ii) the significant control issue which is recommended for inclusion in the 2021/22 Annual Governance Statement
- (iii) the outcome of the quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards

MAX THOMAS  
Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector  
County Hall  
Northallerton

14 June 2022






# ANNUAL HEAD OF INTERNAL AUDIT REPORT

27 June 2022

Appendix 1



## CONTENTS

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Max Thomas  
Head of Internal Audit



Ian Morton  
Assistant Director- Audit  
Assurance



Stuart Cutts  
Assistant Director- Audit  
Assurance



## BACKGROUND

- 1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the County Council's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit Committee. The report must include an opinion on the adequacy and effectiveness of the County Council's framework of governance, risk management and control. The report should also include:
  - (a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
  - (b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
  - (c) a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
  - (d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.



## INTERNAL AUDIT WORK CARRIED OUT IN 2021/22

- 2 At the beginning of 2021/22, the County Council was still recovering from the impact of the Covid-19 pandemic on its working practices and, in some areas, only starting to revert to business as usual. Since then significant (and increasing) resource has been redirected to the preparations for Local Government Reorganisation (LGR).
- 3 The 2021/22 internal audit work programme was formally agreed by the Audit Committee on 26 June 2021. Work in the early part of 2021/22 focussed mainly on finalising audits relating to the previous year. During the remainder of the year audit work has continued to be prioritised based on risk and the need to provide coverage of the Council's framework of governance, risk management and control.
- 4 We have also continued to promote good governance, provide advice and make recommendations to management to help improve controls. Auditors meet with the s151 Officer, Monitoring Officer and other senior officers on a regular basis to help identify and address key governance issues and concerns.
- 5 The results of completed audit work have been reported to the relevant managers, the Corporate Director – Strategic Resources and the Audit Committee. Audit findings relating to 2021/22, which have not yet been reported to this Committee, will be presented in due course as part of the agreed Audit Committee programme of work.
- 6 A summary of the internal audit reports issued during the year is contained in **annex A**. At the time of writing, a further 5 audit reports have been issued but remain in draft. Other work is continuing with a number of other audits close to draft report stage.



- 7 **Annex B** sets out our current definitions for each assurance level and the priorities for management action.



## FOLLOW UP OF AGREED ACTIONS

- 8 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. As a result of this work, we are satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. Where further assurances are required the relevant areas will either be subject to targeted follow-up reviews in 2022/23 or be included as part of other audits in the work programme.



## PROFESSIONAL STANDARDS

- 9 In order to comply with Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to professional standards. The results of the QAIP are reported to the Audit Committee each year as part of the annual report. The QAIP consists of various elements, including:
- maintenance of a detailed audit procedures manual and standard operating practices
  - ongoing performance monitoring of internal audit activity
  - regular customer feedback
  - training plans and associated training and development activities
  - periodic self-assessments of internal audit working practices (to evaluate conformance to the standards)
- 10 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The most recent external assessment of Veritau internal audit working practices was undertaken in November 2018<sup>1</sup>. This concluded that Veritau internal audit activity generally conforms to the PSIAS<sup>2</sup>.
- 11 The outcome of the recently completed self-assessment demonstrates that the service continues to generally conform to the PSIAS, including the Code of Ethics and the Standards. Further details of the QAIP prepared by Veritau are given in **annex C**.
- 12 The Internal Audit Charter sets out how internal audit at the County Council will be provided in accordance with the PSIAS. The Charter is reviewed on

<sup>1</sup> Reported to the Audit Committee in March 2019

<sup>2</sup> PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

an annual basis and any proposed changes are brought to the Audit Committee for consideration. No changes are proposed at this time.



## OPINION OF THE HEAD OF INTERNAL AUDIT

- 13 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the County Council is that it provides **Substantial Assurance**. No reliance was placed on the work of other assurance bodies in reaching this opinion.
- 14 The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. In giving the opinion, we would note that the Covid-19 pandemic has continued to affect the authority over the last year, with a consequential impact on business operations and controls. The work of internal audit has been directed to the areas considered most at risk, or that offer the most value for the authority overall. However, not all the areas affected by the Covid-19 pandemic will have been reviewed.
- 15 Members attention is also drawn to the following significant control issue which is considered relevant to the preparation of the 2021/22 Annual Governance Statement:

### Information security

Further improvements are still required to ensure compliance with the Council's data protection policies. Ongoing work has identified continuing poor practice with the handling of documents and information security. There have also been a number of serious data security breaches in the year, including 9 incidents that have required reporting to the Information Commissioner's Office.

## ANNEX A: INTERNAL AUDIT WORK IN 2021/22

### Final reports issued

<b>Audit / Activity</b>	<b>Month</b>	<b>Assurance Level</b>
North Yorkshire Highways - Opening Balances	June 2021	No opinion given
Developing Stronger Families June 2021 return	June 2021	No opinion given
Review of the new Contract and Procurement arrangements	June 2021	No opinion given
Schools Admissions and Appeals	August 2021	Substantial Assurance
Creditors	September 2021	Substantial Assurance
Schools Themed Audits - Other	September 2021	Reasonable Assurance
Schools Themed Audits - Payroll	September 2021	Substantial Assurance
Schools Themed Audits - Changed Payment Processes	September 2021	Reasonable Assurance
Developing Stronger Families September 2021 return	September 2021	No opinion given
Pension Fund Income	September 2021	Substantial Assurance
Countryside Services – follow up	October 2021	No opinion given
Domiciliary Care Payments and Contract Management - Royal Mencap Society	October 2021	Limited Assurance
Continuing Healthcare	October 2021	Reasonable Assurance
Server Administration and Security	October 2021	Substantial Assurance
Pension Fund Investments	October 2021	Substantial Assurance
Carlton Endowed School	November 2021	No opinion given
Firewalls	November 2021	Substantial Assurance
Main Accounting System	December 2021	Substantial Assurance
Early Years	December 2021	No opinion given

<b>Audit / Activity</b>	<b>Month</b>	<b>Assurance Level</b>
Brompton Hall School	December 2021	No opinion given
Developing Stronger Families September 2021 return	December 2021	No opinion given
Deferred Payments	March 2022	Reasonable Assurance
Visits to Care Providers - Wilf Ward Pickering	March 2022	No opinion given
Registration Services	May 2022	Reasonable Assurance
Payroll	May 2022	Substantial Assurance
ICT Capacity Management	June 2022	Substantial Assurance
Harrogate Day Services	June 2022	No opinion given

### **Audits in progress**

<b>Audit</b>	<b>Status</b>	<b>Assurance Level</b>
Hutton Rudby School	Draft Report	Limited Assurance
Learning Disability and Autism	Draft Report	Reasonable Assurance
Symology	Draft Report	Limited Assurance
Visit to Care Providers – The Lodge, Scarborough	Draft Report	Limited Assurance
ICT cyber readiness	Draft Report	Substantial Assurance
Transitions - Children to Adult social care	Work in Progress	-
Risk Management	Work in Progress	-
Schools Themed Audit - SFVS	Work in Progress	-
Schools Themed Audit - Lettings	Work in Progress	-
Ripley Beckwithshaw Kettlelesing Federation	Work in Progress	-
East Ayton School	Work in Progress	-
Responsive Works	Work in Progress	-
Pension Fund IT Security	Work in Progress	-
Pension Fund Investments	Work in Progress	-

**Other work completed in 2021/22**

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Certification of various government grants
- Support and advice
- Preparation of key internal audit findings summary for the LGR programme, on behalf of the Council

## ANNEX B: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

### Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

### Priorities for actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

## ANNEX C: INTERNAL AUDIT - QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

### 1.0 Background

#### Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- ▲ the maintenance of a detailed audit procedures manual
- ▲ the requirement for all audit staff to conform to the Code of Ethics and Standards of Conduct Policy
- ▲ the requirement for all audit staff to complete annual declarations of interest
- ▲ detailed job descriptions and competency profiles for each internal audit post
- ▲ regular performance appraisals
- ▲ regular 1:2:1 meetings to monitor progress with audit engagements
- ▲ induction programmes, training plans and associated training activities
- ▲ attendance on relevant courses and access to e-learning material
- ▲ the maintenance of training records and training evaluation procedures
- ▲ membership of professional networks
- ▲ agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- ▲ the results of all audit testing and other associated work documented using the company's automated working paper system (Sword Audit Manager)
- ▲ file review by senior auditors and audit managers and sign-off at each stage of the audit process
- ▲ the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software)
- ▲ post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- ▲ performance against agreed quality targets monitored and reported to each client on a regular basis
- ▲ regular client liaison meetings to discuss progress, share information and evaluate performance

On an ongoing basis, samples of completed audit work are subject to internal peer review by a Quality Assurance group. The review process is designed to ensure audit work is completed consistently and to the required quality standards. The work of the Quality Assurance group is overseen by an Assistant Director. Any key learning points are shared with the relevant internal auditors

and audit managers. The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken where required (for example, increased supervision of individual internal auditors or further training).

### Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self-assessment checklist and obtain evidence to demonstrate conformance with the Code of Ethics and the Standards. As part of ongoing performance management arrangements, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment, professional networking, and ongoing quality assurance and performance management arrangements are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan, internal audit strategy action plan, and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board<sup>3</sup> as part of the annual report of the Head of Internal Audit.

### External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

## **2.0 Customer Satisfaction Survey 2022**

In March 2022 we asked clients for feedback on the overall quality of the internal audit service provided by Veritau. Where relevant, the survey also asked questions about counter fraud and information governance services. A total of

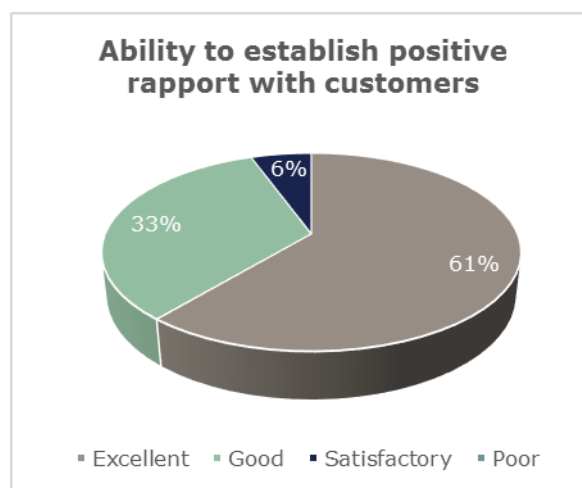
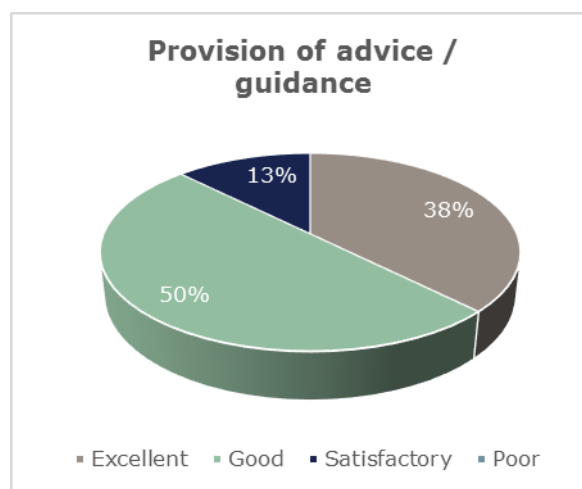
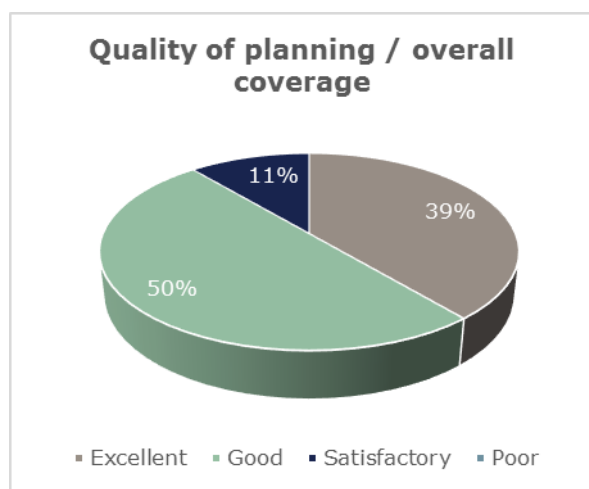
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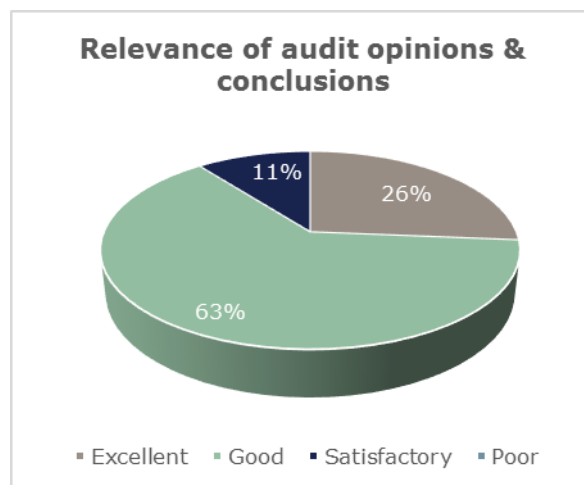
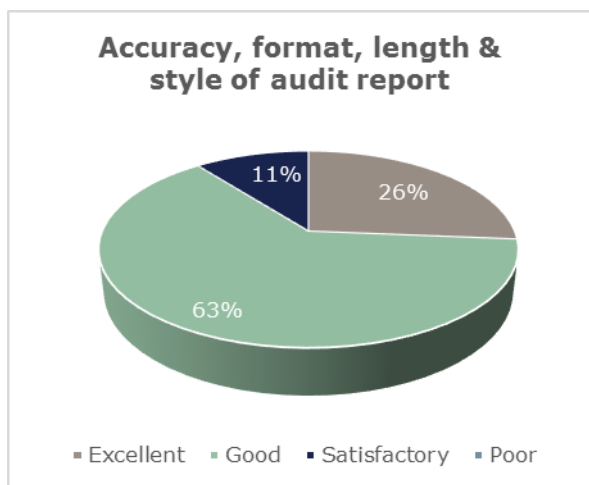
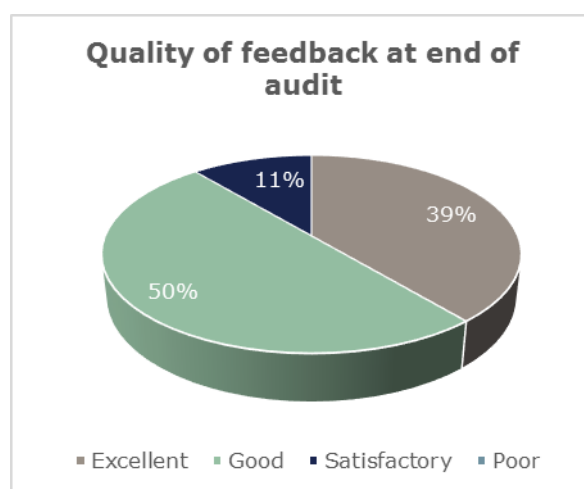
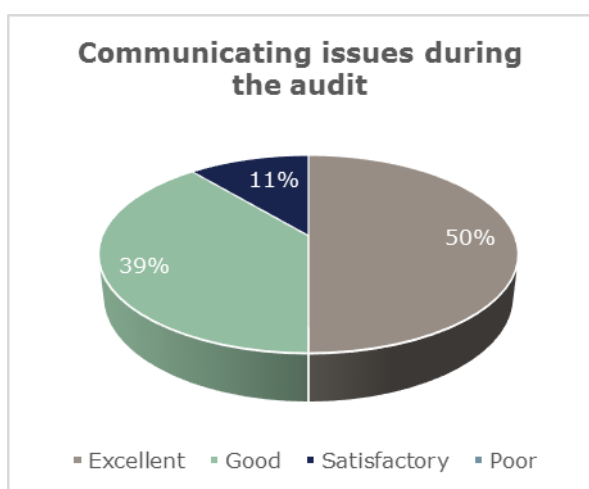
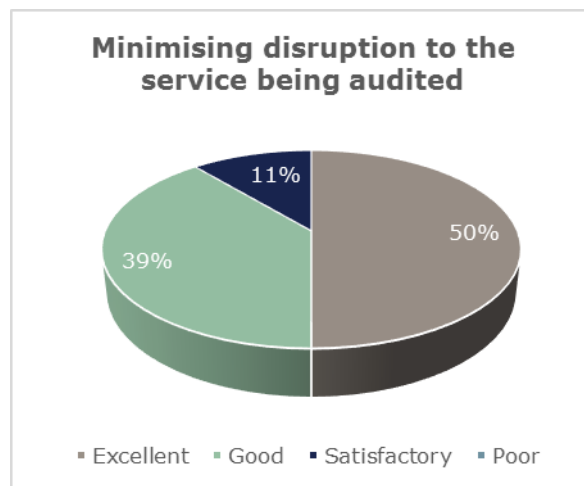
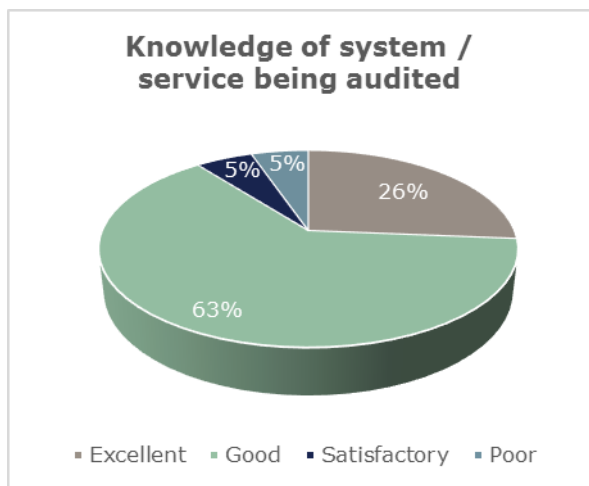
<sup>3</sup> As defined by the relevant audit charter.

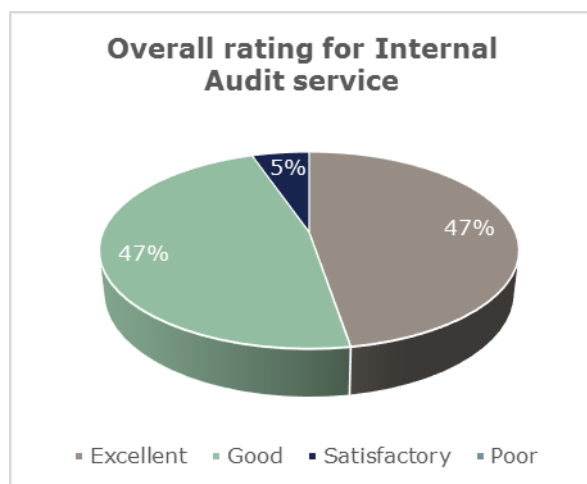


154 surveys (2021 – 165) were issued to senior managers in client organisations. A total of 19 responses were received representing a response rate of 12% (2021 – 12%). The surveys were sent using Smart Survey (an online survey tool) and the respondents were required to identify who they were. Respondents were asked to rate the different elements of the audit process as either excellent, good, satisfactory or poor.

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below. These are presented as percentages, for consistency with previous years. However, it is recognised that the low number of respondents means that the percentage for each category is sensitive to small changes in actual responses (1 respondent represents about 5%).







The overall ratings in 2022 were:

	<b>2022</b>		<b>2021</b>	
Excellent	9	47%	11	58%
Good	9	47%	6	32%
Satisfactory	1	5%	0	0%
Poor	0	0%	2	11%

The feedback shows that the majority of respondents continue to value the service being delivered.

### **3.0 Self-Assessment Checklist 2022**

CIPFA has prepared a detailed checklist to enable conformance with the PSIAS and the Local Government Application Note to be assessed. The checklist was originally completed in March 2014 and has since been reviewed and updated annually. Documentary evidence is provided where current working practices are considered to fully or partially conform to the standards. A comprehensive update of the checklist was undertaken in 2020, following revisions by CIPFA.

Current working practices are considered to be at standard. However, as in previous years there are a few areas of non-conformance. These areas are mostly as a result of Veritau being a shared service delivering internal audit to a number of clients as well as providing other related governance services. None of the issues identified are considered to be significant. Existing arrangements are considered appropriate for the circumstances and require no further action.

The following table shows areas of non-compliance. These remain largely unchanged from last year, although one area has been removed from the table. This related to whether risk based plans set out the respective priority of audit work. New flexible planning arrangements introduced mean that working practices now comply with the standards in this area.

Conformance with Standard	Current Position
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before the engagement was accepted?	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	An approach to using other sources of assurance, where appropriate is currently being developed (see below).

#### 4.0 External Assessment

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

An external assessment of Veritau internal audit working practices was last undertaken in November 2018 by the South West Audit Partnership (SWAP). SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau.

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed audit committee chairs.

A copy the external assessment report was reported to this committee on 7/3/2019.

The report concluded that Veritau internal audit activity generally conforms to the PSIAS<sup>4</sup> and, overall, the findings were very positive. The feedback included comments that the internal audit service was highly valued by its member councils and other clients, and that services had continued to improve since the last external assessment in 2014.

## 5.0 Improvement Action Plan

Overall, internal audit services provided by Veritau continue to meet the requirements of the Public Sector Internal Audit Standards. However, we recognise that the pace of change in local government and the wider public sector mean that we need to update aspects of the service to ensure it stays up to date and continues to deliver good value.

Between autumn 2020 and autumn 2021, Veritau undertook a fundamental review of internal audit practices. This resulted in the development of a new three year strategy which details how we will improve the internal audit service for our clients. The strategy sets out the actions we will be taking within Veritau to modernise our practices, from 2021 to 2024. The five key areas we are focussing on are:

- ▲ increasing engagement across all clients; to improve communication and ensure we understand what represents good value and where internal audit work should be focussed
- ▲ further development of strategic planning frameworks; focussing on further development of assurance mapping arrangements and other activities that help us ensure we provide assurance in the right areas at the right time
- ▲ redesign and modernisation of audit processes; to ensure we can respond quickly as priorities change, reduce time to deliver findings and manage resources efficiently
- ▲ increasing investment in high value data analytics work; shifting the focus of work towards a data driven model that provides wider assurance in real time
- ▲ introducing better measures of outcomes from audit work, to enable us to direct resources to areas of most value to our clients.

Strategy focus area 2 includes further development of assurance mapping arrangements. This is an outstanding issue from previous improvement plans. We are currently undertaking a pilot assurance mapping exercise in partnership with officers at one of our key clients. The lessons learnt from this will be used to further develop processes to be rolled out as part of our core internal audit service. Completion of actions in this area will further reduce the areas of non-conformance with the standards (section 3 above).

In the 2020/21 QAIP we reported on the findings from the last Quality Assurance Group review, focussed on the follow up of agreed actions. The findings have been finalised and a programme of work is underway to improve these processes. This includes updates to processes (including integration with client risk management systems where appropriate), a full review of all outstanding

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<sup>4</sup> PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

actions across all clients, and further training for all auditors. This work will be completed in 2022/23.

A further review by the group in 2021/22 focussed on the consistency of opinions given for individual audit assignments. This follows the adoption of a revised four level opinion framework introduced in 2020/21, in accordance with recommendations from Cipfa. It was found that in almost all cases the opinions given on completed work was consistent with the guidance contained in the Veritau audit manual, and supported by the number and priority of actions. Auditors continue to use the guidance and professional judgement when forming conclusions on individual pieces of work. We will feedback and discuss the wider findings as part of auditor training in 2022/23.

#### **6.0 Overall Conformance with PSIAS** *(Opinion of the Head of Internal Audit)*

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, 'generally conforms, 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards.

## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

### 2022/23 INTERNAL AUDIT PLAN

#### Report of the Head of Internal Audit

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To seek approval of the internal audit programme of work for 2022/23.

#### 2.0 BACKGROUND

2.1 In accordance with professional standards<sup>1</sup> and the County Council's Audit Charter, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Planned audit work should therefore be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and controls.

2.2 The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. The programme of work for 2022/23 will therefore cover all three areas, and should be sufficient to provide that opinion.

2.3 Responsibility for effective governance, risk management and control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control, nor can audit work cover all areas of risk across the organisation.

#### 3.0 INTERNAL AUDIT WORK PROGRAMME 2022/23

3.1 As part of the consultation process, the draft internal audit work programme was presented to this Committee on 21 March 2022 for comment. The programme of work is now attached at **Appendix 1** and requires approval by the Committee. The programme also includes details

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<sup>1</sup> As set out in the Public Sector Internal Audit Standards and specific guidance on the application of those standards for local government, issued by CIPFA.

of the other services provided to the County Council by Veritau (counter fraud and information governance).

- 3.2 A more flexible approach to audit planning was introduced last year. With this approach, an indicative long list of work is developed at the start of the year. Actual audits are then selected throughout the year based on an ongoing assessment of risks and priorities. This approach allows us to keep upcoming work under review, to ensure we are targeting audit resources to those areas most needed. It also builds in flexibility, by enabling us to respond quickly to emerging issues or to commence work on other areas of importance when risks and priorities change.
- 3.3 This flexibility will be particularly important in 2022/23 due to local government reorganisation in North Yorkshire. The process of change will create a number of challenges and risks. These risks may also change over the remaining part of the year. A large proportion of the internal audit work programme is therefore focused on providing assurance to the project and the related work streams, and to ensuring the control environment remains effective through to vesting day. We are also coordinating planned internal audit work with each of the district councils where appropriate.

#### 4.0 **RECOMMENDATION**

- 4.1 Members are requested to approve the Internal Audit Plan for 2022/23.

Report prepared and presented by Max Thomas, Head of Internal Audit

Max Thomas  
Head of Internal Audit  
Veritau Limited  
County Hall  
Northallerton

14 June 2022

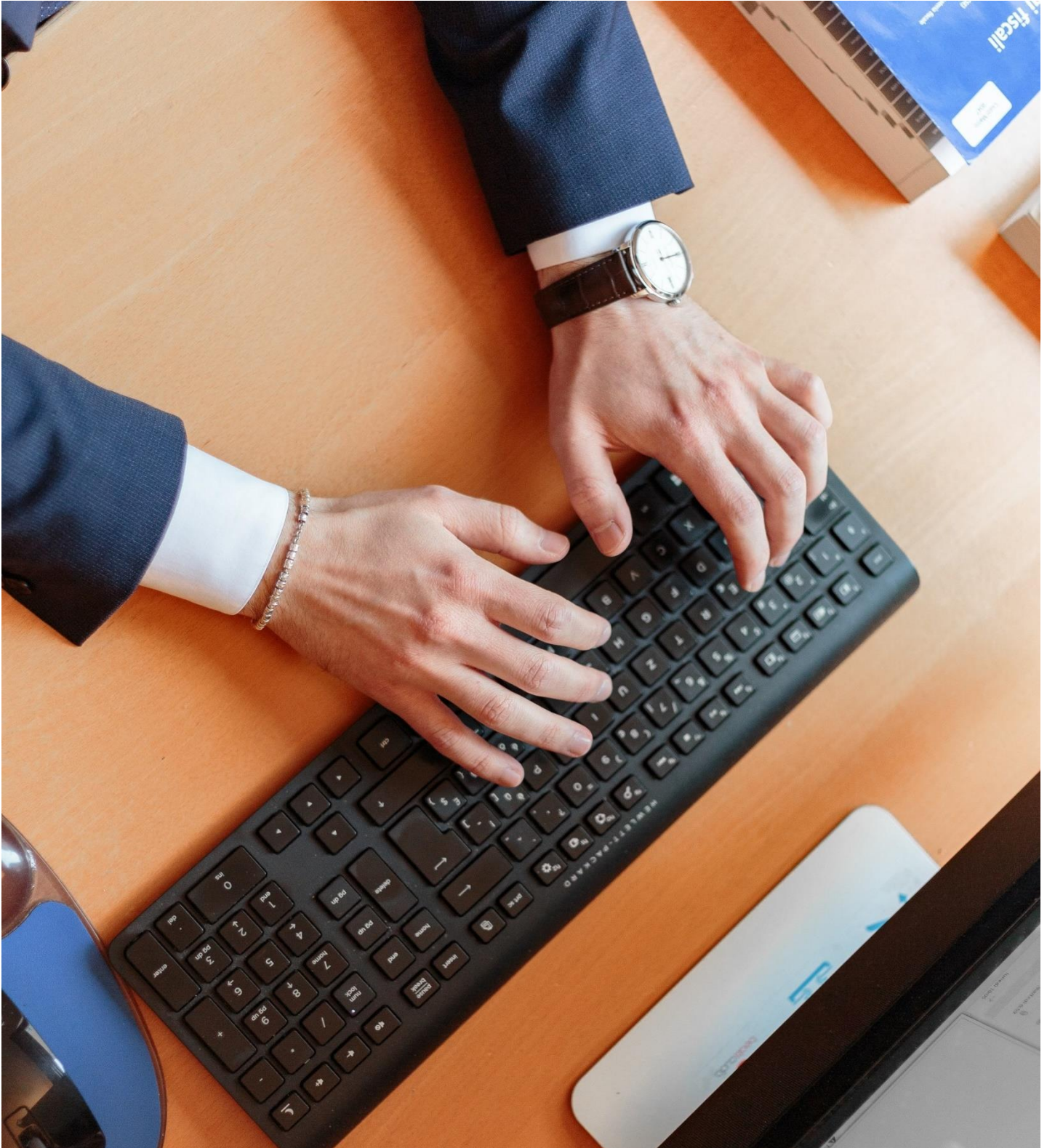
**Background Documents:** None



# INTERNAL AUDIT WORK PROGRAMME 2022/23

Date: 27 June 2022


Appendix 1





## CONTENTS

 Introduction **3**

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Max Thomas  
Head of Internal Audit



Ian Morton  
Assistant Director- Audit Assurance



Stuart Cutts  
Assistant Director- Audit Assurance

## INTRODUCTION

- 1 This document sets out the 2022/23 programme of work for internal audit, provided by Veritau for North Yorkshire County Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the council's audit charter. In accordance with those standards, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the council.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

## APPROACH

- 5 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This flexibility is particularly important in 2022/23 due to local government reorganisation in North Yorkshire. It also helps us to ensure that audit work undertaken during the year is adapted on an ongoing basis to reflect changing risks within the council.
- 6 The work programme for 2022/23 represents a summary of the overall areas we currently think will be the highest priority for work during the next year, based on our current assessment of risk. This assessment involves giving careful consideration to:
  - the impact of local government reorganisation on services and the council's wider control environment, and the need to provide assurance to the project itself
  - systems where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential
  - other areas of known concern, where a review of risks and controls will add value to operations
  - other areas of change which may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control

environment, for example where reductions in resources may result in fewer controls.

- 7 The identification of risks has been informed in a number of ways; including a review of the organisational risk management processes, understanding the council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in council services and systems.
- 8 Internal audit work covers a range of risk areas to ensure that the work undertaken will enable us to meet the requirement to provide an overall opinion on the council's framework of risk management, governance and internal control.
- 9 We have defined 11 areas where we require assurance during the course of the year to help provide that opinion:
  - strategic planning
  - organisational governance
  - financial governance
  - risk management
  - information governance
  - performance management and data quality
  - procurement and contract management
  - people management
  - asset management
  - programme and project management
  - ICT governance
- 10 The requirement for providing assurance across these areas is taken into account when identifying and prioritising work.
- 11 The proposed areas of coverage have been subject to consultation with the Audit Committee and the programme is subject to ongoing consultation and discussion with corporate directors and senior officers.
- 12 The overall programme and the relative priorities for work within it will be updated throughout the year. Actual work to be started will be based on the most immediate priorities at any point. We will regularly consult with officers on the priority, scope and timing of work to help ensure that we provide assurance in the right areas at the right time. We will also provide regular updates on the scope and findings of work to the Audit Committee throughout 2022/23.



## 2022/23 INTERNAL AUDIT WORK

- 13 The plan is based on a total commitment of 950 days. Further detail on the potential areas of coverage is included in annex A.
- 14 The programme is designed to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the council's strategic priorities and objectives.

- 15 Functionally, the indicative programme is structured into a number of sections, as set out below. In assessing what work is included in each section, consideration is given to the priorities listed at paragraph 6 and the areas set out in paragraph 9.
- **Strategic / corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
  - **Technical / projects** – to provide assurance on those areas of a technical nature (for example, IT audit) and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
  - **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
  - **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
  - **Client support, advice & liaison** – work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.
- 16 It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this draft programme and the indicative days assigned to each of the areas in annex A are not fixed. Work will be kept under review to ensure that audit resources continue to be deployed in the areas of greatest risk and importance to the council. This is to ensure the audit process continues to add value.
- 17 Secondly, it will not be possible to deliver all of the audits listed in the programme. The programme has been over planned, to build in flexibility from the outset while providing an indication of the priorities for work at the time of assessment. This will enable us to respond quickly by commencing work in other areas of importance to the council when risks and priorities change during the year.

## ANNEX A: Internal Audit Work Programme 2022/23

Area	Indicative Days	Potential activity
<b>Local Government Reorganisation</b>	<b>190</b>	Project governance and assurance Compliance with statutory obligations Support and advice to relevant work-streams Effective closure and transfer of services and functions to the new council Internal control, data quality and other consultative support Assurance work to maintain business as usual and continuation of the existing control environment
<b>Strategic, Corporate &amp; cross cutting risks</b>	<b>70</b>	Post Covid-19 recovery and response plans HR and workforce planning Performance management Risk management Project management Partnerships Business continuity and disaster recovery Climate change Health and safety Asset management Governance of council owned companies

Area	Indicative Days	Potential activity
<b>Health and Adult Services (HAS)</b>	<b>140</b>	Partnership working with the NHS and new health structures S117 aftercare (Mental Health Act 1983) and Transferring of Care Programme Continuing Health Care (CHC) Court of Protection Liberty protection safeguards Public Health Emergency duty team Visits to care providers
<b>Business and Environmental Services (BES)</b>	<b>70</b>	NY Highways (client function) Waste management (client function) Planning services Devolution
<b>Central Services (CS)</b>	<b>80</b>	Financial systems redesign and modernisation support review Debt management and income collection
<b>Children's and Young People Services (CYPS)</b>	<b>140</b>	Early Years High Needs Special Education Needs and Disability (SEND) Themed audits for maintained schools Children's social care Locality boards

Area	Indicative Days	Potential activity
<b>Computer Audit</b>	<b>50</b>	Strategy and governance ICT cyber security ICT information security ICT disaster recovery
<b>Procurement and Contract Audit</b>	<b>40</b>	Targeted contract management and procurement reviews Supporting new procurement and contract management arrangements Contract waivers Public Procurement and Health Procurement Regulations
<b>North Yorkshire Pension Fund</b>	<b>50</b>	Pension Fund expenditure Pension Fund income Pension Fund investments
<b>Follow up</b>	<b>40</b>	Follow-up of previously agreed audit actions
<b>Contingency</b>	<b>20</b>	An allocation of time to address any new or emerging risks
<b>Client support, advice and liaison</b>	<b>60</b>	Committee reporting Client liaison, support and advice on control, governance and risk related issues Audit planning and resourcing External audit liaison
<b>Internal Audit Total</b>	<b>950</b>	



Area	Indicative Days	Potential activity
Other services provided by Veritau:		
<b>Counter Fraud and Corruption</b>	<b>335</b>	Policy framework updates Fraud risk assessment Investigations NFI Training and fraud awareness Technical advice and guidance
<b>Information Governance</b>	<b>891</b>	Data Protection Officer (including monitoring compliance with policy framework and data protection legislation, review of data protection impact assessments and investigation of serious data breaches) Co-ordination of responses to Data Protection and Freedom of Information requests Technical advice and guidance
<b>TOTAL DAYS</b>	<b>2,176</b>	

## ANNEX B: Resource Allocation 2019 - 2023

Area	2022/23	2021/22	2020/21	2019/20
LGR	190	0	0	0
Corporate / Cross cutting	70	150	90	150
Health and Adult Services	140	170	180	220
Business & Environmental Services	70	90	100	100
Central Services	80	100	110	110
Children & Young People's Services	140	170	180	212
Computer Audit	50	50	60	70
Procurement and Contract Audit	40	50	60	60
Pension Fund	50	50	50	50
Other Chargeable Audit Work	120	120	120	118
<b>Internal audit - total</b>	<b>950</b>	<b>950</b>	<b>950</b>	<b>1,090</b>
Other services:				
Counter Fraud & Corruption	335	335	335	350
Information Governance	891	891	891	606
<b>TOTAL DAYS</b>	<b>2,176</b>	<b>2,176</b>	<b>2,176</b>	<b>2,046</b>

## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

### CORPORATE GOVERNANCE

#### Report of the Corporate Director, Strategic Resources

#### **1.0 PURPOSE OF REPORT**

- 1.1 To note progress and improvements on Corporate Governance related matters.
- 1.2 To note governance arrangements and changes made due to the Coronavirus pandemic.
- 1.3 To note the governance arrangements for the transition programme for Local Government Reorganisation.

#### **2.0 BACKGROUND**

- 2.1 The CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 and associated Guidance Notes, set out the standard for local authority governance in the UK. The Framework defines the principles that should underpin the governance of an organisation and provides a structure to assist individual authorities with their approach to governance. Local authorities should review existing governance arrangements against these Principles, develop and maintain an up-to-date Local Code of Corporate Governance, and report publicly on compliance with their own Code on an annual basis, and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes. This is done through the Annual Governance Statement.
- 2.2 According to the Terms of Reference of the Audit Committee, which have been reviewed and revised, its role in respect of Corporate Governance is:
  - (i) to assess the effectiveness of the County Council's Corporate Governance arrangements
  - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the County Council

- (iii) to approve the Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
- (iv) to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
- (v) to work with the Standards Committee to promote good ethical standards within the County Council
- (vi) to review the arrangements in place for ensuring good governance in the County Council's key partnerships and owned companies.

2.3 In relation to (i), (ii) and (vi) above, an annual report is submitted as set out in the Programme of Work and item (iii) is considered as part of the report relating to the Statement of Accounts. Issues are addressed by the respective Corporate Director alongside a report on internal audit work relating to that Directorate which is produced by the Head of Internal Audit.

### **3.0 LOCAL CODE OF CORPORATE GOVERNANCE**

3.1 At the last meeting of this Committee it was resolved that the updated Local Code of Corporate Governance be recommended for formal approval by the Chief Executive (as permitted in the Constitution under the Officers' Delegation Scheme) in March 2022.

3.2 The Local Code was approved and as a result the updated Local Code is now available on the County Council website [here](#) .

### **4.0 ANNUAL GOVERNANCE STATEMENT 2021/22**

4.1 The Annual Governance Statement (AGS) is being updated to reflect the current status of governance and internal control arrangements which continue to be fit for purpose within the County Council. The latest governance guidance issued by CIPFA is called Bulletin 06 Application of the Good Governance Framework 2020/21 and Meeting the Principles of Good Governance - The Impact of the Covid-19 Pandemic. The updating of the Statement has taken the guidance into account and has been amended to conform where appropriate. It also provides an assessment of the effectiveness of the Council's governance arrangements in supporting the planned outcomes. However it is recognised that there can be areas identified that require attention to address weaknesses and/or external challenges.

4.2 The impact of the Coronavirus has been taken into account again this year along with other significant issues, and Section 7 of the final draft of the AGS

which is due to come to this Committee in September will reflect the lessons learned and actions to be taken in the recovery from the Virus. This has been and continues to be an extra challenge for the Council, as well as facing delivery of a range of statutory services in a climate of ongoing financial challenge.

- 4.3 Local Government Reorganisation (LGR) in North Yorkshire has also been referenced as work to transition to the new arrangements is significant in scale and complexity. As a result it has featured strongly during the last year and this will continue until vesting day on 1 April 2023.
- 4.4 The draft AGS accompanies the Statement of Accounts (SoA) and will be circulated to the Committee.

## **5.0 DEVELOPMENTS IN 2021/22**

- 5.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belongs to the Executive and the Management Board, wider Members also have to be actively engaged – the role of this Committee is therefore critical in this regard.
- 5.2 This Committee receives progress reports on a range of specific governance issues such as risk management and partnership governance through the year.
- 5.3 A full review and update of the Local Code of Corporate Governance and the Annual Governance Statement are also carried out, as has already been mentioned in the paragraphs above.
- 5.4 Other notable areas of recent work undertaken as part of the Corporate Governance agenda include the following:-
  - ➔ Standards Committee received and approved the standards regime amendments from the LGA Model Code of Conduct and Guidance of Standards in Public Life and these will be implemented from May 2022.
  - ➔ Information governance issues continue to be addressed and improved as part of ensuring the GDPR (General Data Protection Regulation) and Data Protection Act compliance.
  - ➔ The new Equality, Diversity and Inclusion policy statement was agreed and implemented.

- ➔ A full staff survey was carried out and there has been further development of the ways in which we engage with staff, including use of tools such as Microsoft products Yammer and Teams as part of NY Transformation.
- ➔ The carbon reduction plan with an associated implementation programme was produced by the Climate Change Group.
- ➔ The Induction policy has been refreshed in light of working from home and hybrid working.
- ➔ A training package for Directors of companies has been rolled out.
- ➔ A training programme following the review of the Pension Fund Committee self-assessment has been implemented. The Programme includes the Pension Board where appropriate.

## 6.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY OF IMPROVEMENTS

- 6.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 7 principles defined in the Local Code of Corporate Governance. The requirements of the document CIPFA Statement of the Role of the Chief Financial Officer in Local Government are also incorporated within the Checklist.
- 6.2 The Checklist is effectively a “live” document to monitor and review the overall Corporate Governance process within the County Council. Although a copy of the latest “version” is available to Members, a Summary is attached as **Appendix A** for ease of reference. This Summary shows:
- ➔ a sample of the improvements made in corporate governance between April 2021 and March 2022 in the left hand column.
  - ➔ some examples of improvements in corporate governance to be made between April 2022 and March 2023.
- 6.3 Areas of development and / or improvement continue to be identified as a result of the need to comply with new guidance and requirements as they are published.
- 6.4 The Checklist is used by officers in order to provide some assurance that all relevant areas of governance are being adequately addressed and, where relevant, gaps are identified with consequential actions to fill such gaps.

## **7.0 GOVERNANCE ARRANGEMENTS AND CHANGES MADE DUE TO THE CORONAVIRUS PANDEMIC**

### **Decision Making**

- 7.1 Following the restriction of public gatherings and promoting social isolation and distancing on 23 March 2020, the Council agreed to invoke the emergency decision making process that is identified in the Council's Constitution. This allowed the Chief Executive to make all appropriate decisions with appropriate consultation.

A successful adoption of a technological solution that enabled the requirements laid out in the *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* to be complied with then followed, and virtual meetings for committees were introduced.

- 7.2 The *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020* lapsed on 7 May 2021. The County Council at its Annual General Meeting on 5 May 2021 resolved to continue with remote access, live broadcast committee meetings over the next months as the national Coronavirus recovery roadmap was implemented. These meetings were informal but open to the public to view and participate in, in accordance with the procedures set out in the County Council Constitution.

- 7.3 Any formal decisions that the Committee needed to make that were legally binding were made in consultation by the Chief Executive Officer using his emergency delegated powers, taking into account the recommendations of the Committee. All formal meetings of the County Council's committees continued to be held using video conferencing with a live broadcast to the Council's YouTube site.

At full Council on 18 May 2022 it was considered how to hold committee meetings from this date onwards. It was agreed that decision making meetings would be held in person in line with legislation. With regard to non-decision making meetings, it is the Chair's discretion whether meetings will be held in person or remotely.

### **Governance Arrangements in Directorates**

- 7.4 Over the past year procedures and processes have continued to be followed within Directorates alongside the added responsibilities and governance arrangements linked to the Coronavirus pandemic. Services continued largely to manage successfully and adapt their ways of working to deliver services to the community, within both governance requirements and guidance issued by

Central Government relating to the pandemic. Decision making tended to be delegated to Corporate Directors and / or Executive Members and whilst consultation has taken place electronically, the process remains mostly unaffected.

- 7.5 From 18 May 2022 and going forward pre pandemic governance arrangements have resumed, however some business is conducted in a different way where more efficient and appropriate, such as some meetings are held virtually.
- 7.6 Examples of some notable improvements/changes to corporate governance arrangements linked to the impact of Coronavirus during the last year include the following:
- ➔ the plan to improve FOI and SAR performance back closer to pre Covid levels was completed.
  - ➔ how meetings were held was constantly reviewed as we worked through and progressed out of Covid after the expiry of the virtual meetings Regulations in May 2021.
  - ➔ new ways of working plans have been produced for post March 2022 in light of relaxation on Coronavirus restrictions.
  - ➔ a further review of Service Continuity Plans were further reviewed in light of the Coronavirus and other emergencies.

## **8.0 LOCAL GOVERNMENT REORGANISATION (LGR) GOVERNANCE ARRANGEMENTS**

- 8.1 The Structural Changes Order for the new unitary Council required Parliamentary approval, and was laid before Parliament in January 2022 and gained approval in March 2022 following parliamentary debate. The Structural Changes Order puts in place the formal legal structures to create the new unitary council and sets out the intention for the County Council to operate a 'continuing authority' model. It also sets out the timings of elections, specifies wards and numbers of councillors and imposes legal duties on the county and district councils.
- 8.2 Transition Programme governance arrangements have been put in place and include the following:
- ➔ Member Governance – this involves all Councils' Members including a Members Implementation Board.
  - ➔ Officer Governance Arrangements – this involves all Councils and includes an Operational Group and Implementation Team.
  - ➔ Programme Workstreams - there are currently 15 workstreams across the programme. Underneath these work streams are a number of sub work streams, projects and task and finish groups.



- ➔ Programme Management Office (PMO) - the PMO has a clear structure and leadership and is responsible for the overall coordination of the programme and for commissioning work streams and resources on behalf of the Implementation Team as well as supporting the Executive.
- ➔ Independent Assurance for the Programme – this will be provided through a combination of third parties selected for that purpose; Veritau; and the final aspect to the assurance will be from the Department for Levelling Up, Housing and Communities.
- ➔ Risk Management - a full and comprehensive risk management process has been put in place, including an escalation framework.

Further details of the new unitary Council are available [here](#) .

## **8.0 RECOMMENDATIONS**

- 8.1 That Members note progress on Corporate Governance related matters.
- 8.2 That Members note the improvements that have been made, and that are to be made in corporate governance (**Appendix A** )
- 8.3 That Members note the governance arrangements and changes made due to the Coronavirus pandemic.
- 8.4 That Members note the governance arrangements for the transition programme for Local Government Reorganisation.

GARY FIELDING

Corporate Director, Strategic Resources, County Hall, Northallerton  
June 2022

Report prepared by Fiona Sowerby, Head of Insurance and Risk Management, ext 2400

**Background papers:** None

## CORPORATE GOVERNANCE CHECKLIST

## Examples of Improvements made between April 2021 and March 2022

Improvements	Reference	Requirement
	<b>Principle A</b>	<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>
<ul style="list-style-type: none"> <li>• Training provided to officers on decision making. <b>(MoB)</b>.</li> <li>• Taken standards regime amendments from LGA model code of conduct to Standards Committee for approval and these will be implemented from May 2022 <b>(MoB)</b></li> <li>• Implemented use of mod.gov system for an electronic Member Register of Interests <b>(BK)</b></li> <li>• Code of Conduct for Planning reviewed <b>(BK)</b> - under query</li> </ul>	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> <li>• A managed corporate approach was continued with supply chains through the formation of the Supply Chain Resilience Board <b>(GF)</b></li> <li>• Carried out a part update of the Procurement Framework following the EU Exit <b>(GF)</b></li> </ul>	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
	<b>Principle B</b>	<b>Ensuring openness and comprehensive stakeholder engagement</b>
<ul style="list-style-type: none"> <li>• Agreed the new Equality, Diversity and Inclusion policy statement <b>(NI)</b></li> <li>• Completed the plan to improve FOI and SAR performance back closer to pre Covid levels <b>(MT)</b></li> </ul>	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
<ul style="list-style-type: none"> <li>• Rolled out training package for Directors of companies, some individual session to complete <b>(BK)</b></li> </ul>	B.2.2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively

Improvements	Reference	Requirement
<ul style="list-style-type: none"> <li>Interim arrangements for the LEP model have been managed through 2021/22 pending the outcome of the national review of LEPs <b>(JF/VD)</b>.</li> </ul>	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
	<b>Principle C</b>	<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>
<ul style="list-style-type: none"> <li>Carbon reduction plan with associated implementation programme produced by the Climate Change Group <b>(NI)</b></li> <li>Rural Commission produced its final report <b>(NI)</b></li> </ul>	C.2.1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
	<b>Principle D</b>	<b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>
<ul style="list-style-type: none"> <li>Full staff survey carried out in Summer 2021 <b>(JB/PY)</b></li> <li>Further development of the ways in which we engage with staff including use of tools such as Microsoft products Yammer and Teams as part of NY Transformation Programme <b>(JB/PY)</b></li> <li>Held AD Shared conversations for all middle managers and Chief Exec / middle manager sessions <b>(JB)</b></li> </ul>	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
<ul style="list-style-type: none"> <li>Further review of Service Continuity Plans in light of the Coronavirus and other emergencies has been carried out <b>(GF) (GF)</b></li> <li>New ways of working plans produced for post March 2022 in light of relaxation on Coronavirus restrictions <b>(GF)</b></li> <li>New enhanced ways of working developed and embedded such as less reliance on property and change in approach to delivery of services(linked to Coronavirus recovery work) <b>(GF)</b></li> </ul>		
<ul style="list-style-type: none"> <li>Constantly reviewed how meetings are held as we worked through and progressed out of Covid after the expiry of the virtual meetings regulations in May 2021 <b>(BK)</b></li> </ul>	D.2.4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances

Improvements	Reference	Requirement
	<b>Principle E</b>	<b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>
<ul style="list-style-type: none"> <li>Specific skills audit work carried out to assist with response first to Covid and then the Social Care crisis <b>(JB/PY)</b></li> </ul>	E.1.1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
<ul style="list-style-type: none"> <li>Induction policy refreshed in light of working from home and hybrid working <b>(JB/PY)</b></li> </ul>	E.1.4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
<ul style="list-style-type: none"> <li>Training programme following the review of the Pension Fund Committee self-assessment has been implemented. The Programme includes the Pension Board where appropriate. <b>(GF)</b></li> </ul>	E.2.4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that on-going training and development matching individual and organisational requirements is available and encouraged
<ul style="list-style-type: none"> <li>Implemented the HR system module that will integrate more effectively with the core HR/Payroll system <b>(JB/PY)</b></li> </ul>	E.2.7	Holding staff to account through regular performance reviews which take account of training or development needs
<ul style="list-style-type: none"> <li>Ongoing compliance of Coronavirus secure property arrangements in place <b>(GF)</b></li> </ul>	E.2.8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing
	<b>Principle F</b>	<b>Managing risks and performance through robust internal control and strong public financial management</b>
<ul style="list-style-type: none"> <li>Established Programme Management approach to LGR including sixteen work streams with multiple sub work streams. <b>(GF/RL)</b></li> </ul>	F.5.1	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
	<b>Principle G</b>	<b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>
<ul style="list-style-type: none"> <li>Reported to Audit Committee (AC) with headline actions from the sub group on improving AC effectiveness <b>(GF/MT)</b></li> </ul>	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)

## Examples of Improvements to be made between April 2022 and March 2023

Improvements	Reference	Requirement
	Principle A	<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>
<ul style="list-style-type: none"> <li>• LGR Organisational Development (OD) work stream is developing the Values and Behaviours Framework for the New Council <b>(JB/PY) Mar 2023</b></li> <li>• Produce Anti Money Laundering policy for new council, incorporating the latest anti money laundering regulations <b>(MT) Mar 2023</b></li> <li>• Updated Whistleblowing Policy going to Audit Committee <b>(MT) June 2022</b></li> <li>• Updated Counter Fraud Policy going to Audit Committee <b>(MT) June 2022</b></li> </ul>	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> <li>• Work through the Corporate Governance LGR work stream to ensure that the new authority has a lawful constitution with robust policy frameworks in place <b>(BK) Mar 2023</b></li> </ul>	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
<ul style="list-style-type: none"> <li>• HR and OD work streams will be working on policies and procedures for new council <b>(JB/PY) Mar 2023</b></li> </ul>		
<ul style="list-style-type: none"> <li>• Work through the Finance LGR work stream for the new authority to ensure that there is a shadow budget and MTFS in place, and a common set of Financial, Procurement and Property Procedure Rules <b>(GF) Feb/Mar 2023</b></li> <li>• Continue with the Supply Chain Resilience Board to provide a managed corporate approach with supply chains <b>(GF) Mar 2023</b></li> <li>• Continue with the update of the Procurement Framework following the EU Exit and complete necessary changes <b>(GF) Dec 2022</b></li> </ul>		

## Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> <li>Develop Constitution for the new council <b>(BK) Apr 2023</b></li> </ul>	A.3.1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
	<b>Principle B</b>	<b>Ensuring openness and comprehensive stakeholder engagement</b>
<ul style="list-style-type: none"> <li>Work through the Locality Work stream and sub groups to make recommendations to members for required actions post April 2023 <b>(NI) Mar 2023</b></li> </ul>	B.2.1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
<ul style="list-style-type: none"> <li>Review and revise arrangements for the LEP model in line with the Devolution deal for NYECMA <b>(JF/VD) Mar 2023</b></li> </ul>	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
	<b>Principle C</b>	<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>
<ul style="list-style-type: none"> <li>Develop the new council's Council Plan <b>(NI) Feb 2023</b></li> </ul>	C.1.1	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions
<ul style="list-style-type: none"> <li>Work through the carbon reduction implementation plan developed by the Beyond Carbon Group <b>(NI) Mar 2023</b></li> </ul>	C.2.1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
	<b>Principle D</b>	<b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>
<ul style="list-style-type: none"> <li>Carry out LGR pulse survey starting in Spring 22 and then track every 8 weeks up to March 2023 <b>(JB/PY) Mar 2023</b></li> </ul>	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
<ul style="list-style-type: none"> <li>Further review and refinement of Service Continuity Plans relating in particular to cyber security issues to be carried out <b>(GF) Mar 2023</b></li> </ul>		

## Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> <li>• Test, monitor and review new ways of working plans produced for post March 2022 in light of relaxation on Covid restrictions <b>(GF) Sep 2022.</b></li> </ul>		
<ul style="list-style-type: none"> <li>• Harmonise policies for council tax and business rates <b>(GF) Feb 2023</b></li> </ul>	D.2.8	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy
	<b>Principle E</b>	<b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>
<ul style="list-style-type: none"> <li>• Develop a wider understanding of staff skills to build an internal skills network for use across the council; this will go into the succession planning for the new council within the HR work stream <b>(JB/PY) Mar 2023.</b></li> </ul>	E.1.1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
<ul style="list-style-type: none"> <li>• Produce induction policy for new council; being worked on via HR and OD work streams <b>(JB/PY) Mar 2023.</b></li> </ul>	E.1.4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
<ul style="list-style-type: none"> <li>• Carry out a training and support programme for budget managers <b>(GF) Mar 2023.</b></li> </ul>		
<ul style="list-style-type: none"> <li>• Develop and implement a new training programme including on-line training and face to face meetings for Pension Fund Committee and Pension Board as part of induction following May elections <b>GF (Jun 2022)</b></li> </ul>	E.2.4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that on-going training and development matching individual and organisational requirements is available and encouraged
<ul style="list-style-type: none"> <li>• Produce new member induction training pack <b>BK (Apr 2022)</b></li> </ul>		

Improvements	Reference	Requirement
<ul style="list-style-type: none"> <li>Further develop the HR system for the new council to include a succession planning module <b>(JB) Mar 2023</b>.</li> <li>Need to align IPM in readiness for new council being worked on through the OD work stream <b>(JB/PY) Mar 2023</b>.</li> </ul>	E.2.7	Holding staff to account through regular performance reviews which take account of training or development needs
<ul style="list-style-type: none"> <li>Ensure H&amp;S compliant property arrangements continue as part of the LGR Property work stream <b>(GF) Mar 2023</b></li> </ul>	E.2.8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing
	<b>Principle F</b>	<b>Managing risks and performance through robust internal control and strong public financial management</b>
<ul style="list-style-type: none"> <li>Ensure a joined up risk management approach is in place for the new council <b>(GF) Mar 2023</b></li> </ul>	F.1.2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
<ul style="list-style-type: none"> <li>Ensure finance system is put in place for new council and is accurate and timely <b>(GF) Mar 2023</b></li> </ul>	CFO (Principle 2) F.5.1b	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role
	<b>Principle G</b>	<b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>
<ul style="list-style-type: none"> <li>Ensure coherent arrangements for internal audit service are in place for the new council <b>(GF) Mar 2023</b></li> </ul>	G.3.2	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon



Improvements	Reference	Requirement
<ul style="list-style-type: none"> <li>Implement action plan to address the issues raised by the sub group on Audit Committee effectiveness once new members are in place post May 22 (GF/MT) Mar 2023</li> </ul>	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)

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## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

### COUNTER FRAUD ANNUAL REPORT

#### Report of the Head of Internal Audit

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To provide an update on counter fraud matters, developments in the County Council's arrangements to minimise fraud risk, and details of work completed and related performance in 2021/22.
- 1.2 To update the County Council's counter fraud framework by approving two updated policies; the whistleblowing and counter fraud and corruption policies.

#### 2.0 BACKGROUND

- 2.1 Fraud is a serious risk to the public sector in the UK. When fraud is committed against the public sector, money is diverted from important public services into the hands of criminals. Fraudsters are constantly refining their tactics and techniques in order to circumvent the checks and controls put in place to prevent fraud from occurring. In order to protect resources, public sector bodies must therefore continuously review and develop their counter fraud arrangements to meet these evolving threats.

#### 3.0 THE COUNTER FRAUD POLICY FRAMEWORK

- 3.1 It is important that the Council maintains a robust Counter Fraud policy framework. The policy framework is therefore kept under review and changes are proposed to reflect any new emerging threats, changes in legislation or best practice. In October 2021, the Audit Committee was asked to consider two updated fraud policies as part of a wider consultation exercise. This consultation process has been completed and the Committee is now asked to approve the updated policies. The amended Whistleblowing policy is therefore attached as **appendix 1** and the Counter Fraud and Corruption policy is attached as **appendix 2**.
- 3.2 Following consultation with Human Resources and the Trade Unions some minor changes were made to the Whistleblowing policy. No further changes were made to the Counter Fraud and Corruption policy.

#### 4.0 COUNTER FRAUD WORK UNDERTAKEN IN 2021/22

- 4.1 Details of the counter fraud activities undertaken in 2021/22 and the outcomes from this work are contained in the annual performance report which is attached at **appendix 3**.

## 5.0 LOCAL GOVERNMENT REORGANISATION

- 5.1 The establishment of the new North Yorkshire Council on 1 April 2023 will be a time of increased fraud risk. The Council will also gain a number of new functions some of which are particularly susceptible to fraud (for example, business rates and council tax support). However, the creation of the Council will also bring new opportunities to combat fraud. We will be able to adopt a single approach to fraud prevention and the ability to detect fraud will be improved for example through the increased use of data matching.
- 5.2 As a new unitary authority North Yorkshire Council will be responsible for counter fraud work across a number of new areas. The existing North Yorkshire County Council mainly deals with large value but infrequent frauds, for example adult social care fraud. The new Council will have to address fraud within a number of new areas including business rates, council tax, benefits and housing. Fraud in these areas is often of lower value but cases occur frequently. The total value of fraud risk facing the council will therefore be significantly higher than currently. It is therefore important that members of staff are quickly made aware of all types of fraud that the new Council will face.
- 5.3 The new Council is also likely be targeted by criminal organisations who will try to take advantage of the change process. Areas of high risk include creditor payments and the procurement of suppliers. It is therefore important that all staff, but especially staff within these areas, are aware of the threat and ensure that policies and processes designed to protect the Council are followed closely.
- 5.4 Throughout the current financial year Veritau will be preparing to meet the fraud related challenges that face the new Council. A further review of the policy framework is currently being undertaken. A new Counter Fraud Strategy will be presented to the Audit Committee which will set out specific actions for 2023/24 to combat the threat of fraud. An updated risk assessment will also be presented to the Committee outlining the new risks that the Council will face.
- 5.5 Raising awareness of fraud and the threats faced by the new Council are key to protecting it. The Veritau counter fraud team currently works with five of the seven district and borough councils. Whilst particular focus will be given to the two remaining authority areas, training and awareness raising will be necessary across all council staff groups. A counter fraud e-learning course is currently being developed which aims to raise awareness of the additional risks that the new North Yorkshire Council will face. The course will be made available to all members of staff at the County Council and district/borough councils. It is expected to be available from September 2022.

**6.0 RECOMMENDATION**

- 6.1 Members are asked to note the recent developments in the County Council's counter fraud arrangements, approach to local government reorganisation, and the work completed in 2021/22 to prevent, detect and investigate fraud.
- 5.2 Members are asked to approve the amended Whistleblowing and Counter Fraud and Corruption policies.

M A THOMAS  
Head of Internal Audit

15 June 2022

**BACKGROUND DOCUMENTS**

Relevant audit and fraud reports kept by Veritau

Report prepared and presented by Max Thomas, Head of Internal Audit.

Veritau - Assurance Services for the Public Sector  
County Hall  
Northallerton



# **WHISTLEBLOWING POLICY**

## 1.0 INTRODUCTION

- 1.1 North Yorkshire County Council is committed to achieving high standards of integrity and accountability. This policy provides a framework for employees and contractors, to raise concerns which they believe are in the public interest and may relate to illegal, improper or unethical conduct. The whistleblowing policy forms part of the council's overall counter fraud framework. There are different mechanisms for members of the public or others with concerns to report them to the council, for example through the counter fraud hotline or complaints procedures. Whilst many of the principles covered in the whistleblowing policy relate to any report of wrongdoing at the council, this policy is designed solely for the use of employees and contractors.
- 1.2 The council tries to create an open environment in which employees and those working on behalf of North Yorkshire County Council are encouraged to raise issues with the confidence that they will be acted upon appropriately. Our message to employees is straightforward - if in doubt, raise it!
- 1.3 The Public Interest Disclosure Act 1998 (PIDA) protects employees against detrimental treatment or dismissal as a result of any disclosure of information in the interests of the public. This policy is designed to conform to legislation<sup>1</sup> as well as guidance from the government and relevant bodies<sup>2</sup>.
- 1.4 This policy should be used where there are concerns about consequences for other employees or the public, and does not apply to matters relating exclusively to one's own employment.
- 1.5 A guide for managers or other employees on how to proceed if they receive a whistleblowing report is contained in Appendix A of this policy.

## 2.0 AIMS AND SCOPE OF THE POLICY

2.1 The policy aims to:

- encourage employees to raise any serious concerns they have about their workplace or working practices;
- ensure that employees get a response to their concerns and that they are aware of how to pursue them if they are not satisfied with any action or inaction; and

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<sup>1</sup> PIDA 1998 was updated by the Enterprise and Regulatory Reform Act 2013.

<sup>2</sup> Whistleblowing guidance has been issued by the Department for Business, Energy & Industrial Strategy, the National Audit Office and the charity, PROTECT.

- assure employees that if they raise any concerns in the public interest then action will be taken to protect them from possible reprisals or victimisation.
- 2.2 This policy applies to any person working for the council. This includes both permanent and temporary staff, staff from maintained schools, and also covers agency personnel and staff seconded to or from a third party. Contractors working for the council may also use the provisions of this policy to make the council aware of any relevant concerns.
- 2.3 Protection under PIDA is not provided to job applicants, self-employed workers or volunteers, however concerns can still be reported through whistleblowing channels.
- 2.4 Set out below is a list of circumstances that should be reported through this policy and qualify for protection under legislation:
- a) a criminal offence has been committed, is being committed, or may be committed, e.g. corruption, theft, or fraud<sup>3</sup>;
  - b) a person has failed, is failing, or may fail to comply with any legal obligation to which they are subject, e.g. breach of any statutory Code of Practice;
  - c) a miscarriage of justice has occurred, is occurring, or may occur;
  - d) the health or safety of any individual has been, is being, or may be endangered, e.g. abuse of any vulnerable adult or child;
  - e) the environment has been, is being, or may be damaged; or
  - f) information tending to show any matter falling within any of the above categories has been, is being, or may be deliberately concealed, e.g. failure to take reasonable steps to report or resolve any situation which is likely to cause significant financial loss to the council.
- 2.5 This whistleblowing policy is intended for people to raise concerns that are in the public interest and where the interests of others or of the organisation itself are at risk. It is intended to supplement, rather than to replace, other employment procedures whereby employees of the council may already raise complaints or matters of genuine concern relating to their own employment.

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<sup>3</sup> If clarification is required as to whether an issue constitutes a criminal offence or comes under any other section on this list then employees and contractors can contact Veritau for advice.



### **3.0 SAFEGUARDS**

- 3.1 The council recognises that the decision to report a concern can be a difficult one to make. In many cases it is employees who are most likely to be in the best position to learn of any malpractice or wrongdoing within the council or school setting and to identify something which falls below the standards which the council and the public are entitled to expect. The council is grateful to all employees who report their concerns.
- 3.2 Employees should have nothing to fear by reporting their concerns, if what they are reporting is true (or they honestly believe the information is true even if it is later found out to be incorrect). No action will be taken against anyone genuinely reporting a concern.
- 3.3 Deliberately providing false or misleading information however is a serious matter which may result in action being taken under the council's disciplinary policy. Equally, deterring another employee from reporting their concerns is a serious matter and also may result in disciplinary action.
- 3.4 The council will not tolerate the harassment or victimisation of anyone who has raised a concern. However, it is recognised that an individual may nonetheless want to raise a concern in confidence under this policy. If a member of staff asks the council to protect their anonymity, efforts will be taken to protect their identity from being disclosed. If a situation arises where a concern cannot be resolved without revealing their identity (for instance, because evidence is needed in court or will be revealed as part of a subsequent investigation) this will be fully discussed with the employee in question.
- 3.5 The policy encourages employees to put their names to allegations. Concerns expressed anonymously will still be considered by the council, however complaints of this type can be harder to substantiate and therefore have to be treated with a degree of caution. It will also not be possible to provide feedback to the member of staff reporting the concern during or following any investigation. Anonymous reports are preferred to silence however.

### **4.0 HOW TO RAISE A CONCERN**

- 4.1 Whistleblowers should normally raise concerns with their immediate line manager. However, if it is believed that their line manager is involved in the malpractice being reported or has failed to take appropriate action when the matter has been raised previously, then their concern should be raised with their Assistant Director, or in the case of school based staff, the Chair of Governors. Contractors should report concerns to their contract manager.

4.2 It is, however, appreciated that there may be times when whistleblowers, including contractors, feel unable to use the above procedure; the issue may involve line managers and senior officers (e.g. A.D. or Director) or the issue was already raised through the normal channels but had not been addressed or resolved. In these cases they can contact the council's independent whistleblowing hotline on 0800 9179 247, which is overseen by Veritau.

4.3 If anonymous concerns are raised through social media then they will be considered under the more general counter fraud framework or complaints policy unless it is beyond doubt that the person raising the concern is an employee or contractor of the council.

## 5.0 HOW THE COUNCIL WILL RESPOND

5.1 All whistleblowing reports will be carefully considered and initial enquiries will be made to help decide whether an investigation is appropriate, and if so what form it should take.

5.2 The council will aim to acknowledge all whistleblowing reports within five working days. The officer(s) assigned to carry out the whistleblowing investigation will endeavour to write or speak to the whistleblower promptly to provide additional information on how the investigation will progress.

5.3 Officers assigned to investigate a whistleblowing report will be determined by the nature of the report, e.g. safety issues could be investigated by the Health & Safety Team, alleged fraud or criminality by the Counter Fraud Team, employment issues by a manager from another service with support from Human Resources.

5.4 The amount of contact between the officers considering the issues and the whistleblower will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the whistleblower.

5.5 If a face to face meeting is necessary or desirable the whistleblower has the right, if they so wish, to be accompanied by a Union representative or a colleague who is not involved in the area of work to which the concern relates.

5.6 The council will, as far as it is able, take steps to minimise any difficulties that the whistleblower may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the council will, where appropriate and as far as it is able to do so, provide advice about the process.

5.7 The council accepts the whistleblower needs to be assured that the matter has been addressed. Thus, subject to any legal constraints, e.g. data protection, information about the outcomes of any investigations will be provided.

5.8 All whistleblowing reports will be logged centrally. The Chief Executive (head of paid service), Section 151 Officer, and Monitoring Officer will be notified of relevant whistleblowing reports. Numbers of whistleblowing reports and significant trends in reporting will also be reported annually to the Audit and Governance Committee and the Corporate Director – Strategic Resources.

## 6.0 HOW MATTERS CAN BE TAKEN FURTHER

6.1 This policy is intended to provide staff with an appropriate avenue to raise concerns within the council. If employees have reported concerns in accordance with the council's whistleblowing policy but are not satisfied that the issues have been properly addressed then they may contact:

- the council's External Auditor - Deloitte<sup>4</sup>;
- the NSPCC or Ofsted (for concerns about children at risk of abuse)<sup>5</sup>;
- relevant professional bodies or regulatory organisations<sup>6</sup>, for example, the Information Commissioner's Office, Care and Quality Commission (CQC), and the Health and Safety Executive.

6.2 Disclosure of a concern to a non-prescribed body (e.g. newspapers or social media) is not covered by whistleblowing legislation and the protections it offers. Before undertaking this type of action it is recommended that staff seek specialist advice.

## 7.0 INDEPENDENT ADVICE

7.1 Free confidential advice on how to raise a concern about malpractice at work can be sought from the independent charity PROTECT at [www.protect-advice.org.uk](http://www.protect-advice.org.uk), or via email [info@protect-advice.org.uk](mailto:info@protect-advice.org.uk). Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work.

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<sup>4</sup> Deloitte act as the council's external auditor ([Deloitte UK | Audit, Consulting, Financial Advisory and Tax services](http://Deloitte UK | Audit, Consulting, Financial Advisory and Tax services) for further details).

<sup>5</sup> The NSPCC and Ofsted offer dedicated national whistleblowing hotlines (see [www.nspcc.org.uk](http://www.nspcc.org.uk) and [www.gov.uk/government/organisations/ofsted](http://www.gov.uk/government/organisations/ofsted) for further details).

<sup>6</sup> The Department for Business, Innovations and Skills maintains a list of prescribed persons and organisations who may be contacted, [www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies](http://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies).

## **8.0 GENERAL DATA PROTECTION**

- 8.1 When managing whistleblowing reports, the council processes personal data collected in accordance with its Information Governance policies. Data collected from the point at which a report is made is held securely and accessed by, and disclosed to, individuals only for the purposes of managing and investigating the concern raised.

## **9.0 REVIEW OF THE POLICY**

- 9.1 The Policy will be reviewed at least every three years or when significant changes to whistleblowing legislation, the organisation or case law occurs.



## Managers Guidance on Whistleblowing

## 1.0 **Introduction**

- 1.1 The council's whistleblowing policy is designed to encourage and support employees and contractors in expressing their concerns about the workplace.
- 1.2 All council employees in managerial or supervisory positions are expected to take employee concerns seriously and follow the process set out in this guidance.

## 2.0 **What is a whistleblowing complaint?**

- 2.1 Any concern about working practices or malpractice that is reported in confidence should be considered under the whistleblowing policy. It is not necessary for a member of staff or contractor to use the term "whistleblowing" in order for a report to be considered under the policy.
- 2.2 Whistleblowing relates to concern for others rather than oneself. If a member of staff is reporting that they solely have been mistreated, then this should be considered under other council policies, e.g. Resolving Issues At Work.
- 2.3 Whistleblowing reports must come from council workers (including temporary members of staff and contractors). Reports from members of the public are not considered to be whistleblowing and should be directed to the council's Complaints and Feedback Team or the counter fraud hotline.
- 2.4 Whistleblowing reports are often made anonymously. However, where possible (e.g. where reports are taken over the phone or by email) the person making it should be informed that reporting concerns in this way may make it more difficult to follow up (see section 3.5 of the whistleblowing policy).
- 2.5 Any report that falls within the categories set out by legislation (see section 2.4 of the whistleblowing policy) afford the whistleblower protection under law. It is important to make this determination at an early stage in order to ensure that the whistleblower is given correct advice and the council acts in accordance with legislation.
- 2.6 Concerns or complaints raised about councillors are not covered by the whistleblowing policy, but rather come under Standards procedures. Any issues relating to councillors should be referred to the Monitoring Officer for advice.

2.7 If, after consulting the whistleblowing policy, there is a doubt as to whether a report constitutes whistleblowing then advice should be sought from Veritau in order to reach a conclusion.

### 3.0 Reporting receipt of a whistleblowing concern

3.1 All whistleblowing reports should immediately be reported to three parties:

- Assistant Director in charge of area or Chair of Governors in the case of a school.
- Head of HR or HR Business Partner responsible for area;
- Veritau – Internal Audit & Counter Fraud Service<sup>7</sup>.

3.2 If the report involves any of the people or groups named above then the report should be escalated to a more senior officer, e.g. Director, Chief Executive, Head of Internal Audit, or Assistant Director for Education (in the case of schools).

3.3 Veritau maintains the council's central log of all whistleblowing reports. They should be updated at the beginning and the end of any whistleblowing investigation in order to keep a complete record of the report and how it was dealt with. Where managers receive details of whistleblowing concerns raised with external bodies (the prescribed persons and organisations set out at 6.1 in the policy), details should also be forwarded to Veritau for recording in the central log.

3.4 In some cases, the details of the initial report will be sufficient to determine that it will not fall under whistleblowing policy. In this situation the member of staff making the report should be informed of the reasons why their concern is not covered and be signposted to an alternative route. A record of this discussion should be kept and an outline of the matter should be sent to Veritau to be entered in the central log.

### 4.0 Taking a concern forward

4.1 The person who first receives the whistleblowing report (i.e. supervisor or manager) should acknowledge it immediately and arrange a meeting with the whistleblower as soon as possible (see section 5.2 of the whistleblowing policy) to gather additional information on the issues. This meeting should flesh out the initial report and help determine how the issue should be investigated.

4.2 This initial meeting can be done in person, in or outside council offices, or via telephone. It is important to find an environment that the member of

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<sup>7</sup> Veritau should be contacted via [whistleblowing@veritau.co.uk](mailto:whistleblowing@veritau.co.uk)

staff feels comfortable with. They may be supported by a trade union representative or colleague. A note taker can be brought to the meeting with prior agreement from the whistleblower.

- 4.3 If anonymity is requested then every effort should be made to keep the whistleblower's identity concealed. Anonymity however cannot be guaranteed. If there is a possibility due to the circumstances of the report that the whistleblower's identity will become known, then they should be advised of this at the earliest possible stage.
- 4.4 All information relating to a whistleblowing report and any information gathered during an investigation should be kept confidentially. Information should be shared on a strictly need to know basis.
- 4.5 A record of this meeting should be written either contemporaneously or shortly following the meeting. These notes must be kept securely.
- 4.6 No commitments should be made about the process or outcome of the whistleblowing report, however the whistleblower should be reassured that their concerns will be taken seriously.
- 4.7 Following the meeting further details should be provided to the Assistant Director (or more senior manager) in charge of the area and Veritau. The relevant Assistant Director (or more senior manager), with advice from Veritau, will assign the investigation to a suitable person. This may be the manager who initially took the whistleblowing report or a member of staff from another area. In cases of potential criminality or health and safety then Veritau and the Health and Safety Team respectively will normally take the responsibility for investigating the concern.
- 5.0 **Conducting an investigation**
- 5.1 At the outset of an investigation the person responsible for looking into the concern should inform the whistleblower that they are taking the matter forward.
- 5.2 Updates during the course of the investigation should be provided to the whistleblower but only if it is appropriate (e.g. is data protection observed) and does not prejudice the investigation. If this is the case then it may be appropriate to only update the whistleblower once the investigation has concluded.
- 5.3 It is advisable that notes are taken throughout the investigative process in terms of actions taken and conclusions reached.



- 5.4 The anonymity of the whistleblower should be considered before any and all actions are taken in connection with the investigation. If a situation arises where it is not possible to resolve the whistleblowing report without the identity of the whistleblower becoming known, then this should be reported to and discussed with that person before the action is taken. The person's name should only be made known to other employees on a need to know basis. Equally if the whistleblowing report is about a specific person then that person's identity should also be protected.
- 5.5 Investigations instigated following a whistleblowing report should be dealt with as quickly as possible. Appropriate levels of resource should be made available to deal with the matter expeditiously. Where a whistleblowing investigation leads to other council processes being required (e.g. a disciplinary investigation) then relevant officers should be made aware at an early stage.
- 5.6 At the conclusion of an investigation a report should be drafted outlining any supporting or non-supporting evidence, conclusions reached, and recommendations. This report should be sent to the senior responsible manager (i.e. Assistant Director), Veritau, and if relevant the HR advisor assigned to the case.

## 6.0 **Special Circumstances**

### Safeguarding Concerns

- 6.1 If a concern includes issues relating to safeguarding, the relevant assistant director, director, or Veritau should ensure that the matter is raised immediately through normal council safeguarding arrangements.

### Anonymous Concerns

- 6.2 If a concern has been made anonymously then it must still be treated as credible and dealt with through the procedure detailed in this guidance.

### Victimisation

- 6.3 If the whistleblower reports that their identity has become known and they are being victimised then this should be reported to the relevant HR advisor as soon as possible. The Council may be in contravention of whistleblowing legislation if action is not taken to address this.

## Vexatious / Malicious reports

- 6.4 If a whistleblower acts in bad faith or raises malicious, vexatious, or knowingly untrue concerns in order to harm colleagues, their department or the council then they may face disciplinary action. If you suspect this is the case then this should be reported to the relevant HR advisor as soon as possible.

## External Disclosures

- 6.5 It is important to be supportive and encouraging to those raising a concern. However, if an employee indicates that they are considering taking their concerns outside of the council, for example to the media or social networking sites, you should advise them that:
- you will not be able to support them if they do so;
  - external disclosures to outside bodies may not be covered by the whistleblowing policy and relevant legislation;
  - their actions may represent an unauthorised disclosure;
  - they could jeopardise any legal protection they may have; and
  - they could face disciplinary action themselves.
- 6.6 If a whistleblower does make an external disclosure then this should be reported to the relevant HR advisor and Veritau as soon as possible. Some types of disclosure are covered by national legislation but a consideration of whether an appropriate action has taken place or not should be considered on a case by case basis.

## Support

- 6.7 If you have any queries or issues concerning whistleblowing then seek advice from your manager, Human Resources or Veritau.



# **COUNTER FRAUD AND CORRUPTION POLICY**

## **1 Introduction**

- 1.1 All organisations are at increasing risk of fraud and corruption. Some commentators estimate that annual fraud losses to local government in the UK could be £7.8 billion. It is therefore a risk that the Council cannot and should not ignore.
- 1.2 Any fraud committed against the Council effectively constitutes a theft of taxpayer's money. It is unlawful and deprives the Council of resources which should be available to provide services to the public. By putting in place effective measures to counter the risk of fraud and corruption the Council can reduce losses which impact on service delivery as a contribution to the achievement of overall Council priorities.
- 1.3 This document sets out the Council's policy in relation to fraud and corruption perpetrated against it, and its overall arrangements for preventing and detecting fraud. It includes the Fraud and Corruption Prosecution Policy contained in **annex A** and an Anti-Bribery Policy in **annex B**. It forms part of the Council's overall policy framework for combating fraud and corruption and should be read in conjunction with the counter fraud and corruption strategy, the constitution, financial regulations, contract procedure rules, the whistleblowing policy, anti money laundering policy, and disciplinary procedures.

## **2 Definitions and Scope**

- 2.1 For the purpose of this policy, the term fraud is used broadly to encompass:
- acts which would fall under the definition in the Fraud Act (2006)
  - anything which may be deemed fraudulent in accordance with the generally held view of fraud as causing loss or making a gain at the expense of someone by deception and dishonest means
  - any offences which fall under the Council Tax Reduction Schemes Regulations (2013) and the Prevention of Social Housing Fraud Act (2013)
  - any act of bribery or corruption including specific offences covered by the Bribery Act (2010)
  - acts of theft
  - any other irregularity which is to the detriment of the Council whether financially or otherwise, or by which someone gains benefit they are not entitled to.
- 2.2 This policy does not cover fraud or corruption against third parties, except where there may be an impact on the service provided by the Council. In addition, it does not cover other acts – for example offences involving violence - which may affect the Council, and which should in most cases be reported directly to the police.

## **3 Principles**

- 3.1 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by members, officers, customers of its

services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings. There is a basic expectation that members, employees, and contractors' staff will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the constitution, the Council's policy framework, and all relevant professional and other codes of practice.

- 3.2 The Council will seek to assess its exposure to risks of fraud and corruption. It will prioritise resources available to prevent and deter fraud in order to minimise this risk.
- 3.3 The Council will consider any allegation or suspicion of fraud seriously, from whatever source, and if appropriate will undertake an investigation to confirm whether fraud has occurred and determine the appropriate outcome. Any investigation will be proportionate. The Council may refer any incident of suspected fraud to the police or other agencies for investigation, if appropriate.
- 3.4 To act as a deterrent, the Council will take action in all cases where fraud (or an attempt to commit fraud) is proved, in proportion to the act committed. This may include prosecution, application of internal disciplinary procedures, or any other action deemed appropriate to the offence (for example referral to a professional body). Prosecution decisions will be made in accordance with the Fraud and Corruption Prosecution Policy (**annex A**).
- 1.5 As a further deterrent, and to minimise losses, the Council will attempt to recover any losses incurred through civil or legal action. In addition, the Council will seek to apply any appropriate fines or penalties, and recover any costs incurred in investigating and prosecuting cases.
- 1.6 The Council will not tolerate any form of bribery to or by employees, members, or suppliers. Any act of bribery puts the council at risk of committing a criminal offence. Please see the Council's Anti-Bribery Policy which is contained in **annex B**.

#### **4 Responsibilities**

- 4.1 Overall responsibility for counter fraud arrangements rests with the Council's Corporate Director – Strategic Resources (Section 151 Officer) on behalf of the Council. The Corporate Director – Strategic Resources has a professional responsibility for ensuring the Council has appropriate measures for the prevention and detection of fraud and corruption, which are reflected in legislation.
- 4.2 The Audit Committee has responsibility to consider the effectiveness of counter fraud and anti-corruption arrangements at the Council. This includes monitoring of Council policies on raising concerns at work and counter fraud and corruption.

- 4.3 Management Board (MB) are collectively responsible for ensuring that the Council has effective counter fraud and corruption procedures embedded across the organisation that comply with best practice and good governance standards and requirements.
- 4.4 Veritau (who provide internal audit and counter fraud services to the Council) is responsible for reviewing the Council's counter fraud and corruption policies on a regular basis and recommending any required changes to those policies. In addition, Veritau leads on fraud prevention and detection issues for the Council and is responsible for investigating suspected cases of fraud or corruption. The internal audit team carries out audit work to ensure that systems of control are operating effectively, which contributes to the reduction in opportunities for committing fraud. The Head of Internal Audit is required to report their professional opinion on the Council's control environment to members of the Audit Committee on an annual basis in accordance with proper practice.
- 4.5 All senior managers have a responsibility for preventing and detecting fraud within their service areas. This includes maintenance of effective systems of internal control and ensuring that any weaknesses identified through the work of internal audit or by other means are addressed promptly.
- 4.6 The Head of Internal Audit is the Council's nominated officer for the purposes of the Money Laundering Regulations (2007), and is responsible for reporting any issues referred to them in this capacity.
- 4.7 All staff have a general responsibility to be aware of the possibility of fraud and corruption, and to report any suspicions that they may have to Veritau. Where appropriate, staff may use the Whistleblowing Policy to raise concerns anonymously.
- 4.8 Officers within human resources have a responsibility to support service departments in undertaking any necessary pre-disciplinary investigation and disciplinary process.

## **5 Overall Counter Fraud Arrangements**

### **Introduction**

- 5.1 The purpose of this section is to set out the Council's overall framework for countering the risk of fraud and corruption. While the Council aims to follow best practice in relation to counter fraud activity<sup>1</sup>, it recognises that new and emerging fraud risks will require a dynamic approach to fraud prevention and detection.

### **Measurement**

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<sup>1</sup> For example the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

- 5.2 The Council will assess the potential risks and losses due to fraud and corruption, will use these to prioritise counter fraud activity, and will review the resources available to counter those risks. The review will include an assessment of actual levels of fraud<sup>2</sup> and the effectiveness of counter fraud activity in reducing losses. The outcome of this review will be reported to the Audit Committee on an annual basis as part of the audit and fraud planning cycle.

### **Culture**

- 5.3 The Council will promote a culture whereby all staff, members, service users, and contractors are aware that fraud or corruption in any form is unacceptable. To do this, it will:
- ensure that there are clear arrangements in place for reporting suspicions about potential fraud or corruption, whether that be by staff, council members, partners, stakeholders, contractors or members of the public;
  - investigate reported suspicions and where evidence of fraud or corruption is found will prosecute where appropriate and take any other action necessary in accordance with the financial regulations, contract procedure rules, fraud and corruption prosecution policy, disciplinary procedures, code of conduct for members, or any relevant legislation or guidance;
  - ensure that the consequences of committing fraud and/or partaking in corrupt practices are widely publicised.

### **Prevention and Detection**

#### Controls

- 5.4 As part of its ongoing operating procedures, the Council seeks to ensure that proper systems of internal control are in place. This includes controls to directly prevent and detect fraud, such as separation of duties and management review, along with other procedures such as vetting as part of recruitment processes and systems for declaration of interests and gifts and hospitality. The effectiveness of systems of control are monitored and a formal report is made as part of the process for preparing the Annual Governance Statement. The Council maintains a system of internal audit to provide independent review of control systems on an ongoing basis, in accordance with a risk assessment.
- 5.5 Services will be encouraged to consider the risk of fraud as part of the Council's risk management process. Any information on risks identified will be used to inform the annual review of counter fraud activity.

#### Proactive Work

- 5.6 The Council will carry out targeted project work (for example data matching exercises) to identify fraud and corruption in known high risk areas. This work

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<sup>2</sup> All suspected fraud should be reported to Veritau. A record of all such information will be maintained on a confidential basis.

will be carried out by Veritau as part of its annual work plan. Resources will be prioritised based on a risk assessment as part of the annual review of counter fraud activity. Work may include joint exercises with other agencies, including other councils.

- 5.7 The Council will take part in projects led by other agencies such as the Cabinet Office to identify potential fraud e.g. the National Fraud Initiative. Resources will be allocated to follow up high risk data matches, and will include support through the internal audit and counter fraud teams to review potential control issues and suspected fraud. Veritau will work with service departments to ensure that they are aware of the need to include notices to service users stating that any data held may be subject to use for data matching purposes.

#### Relationships

- 5.8 The Council has established relationships with a number of other agencies. It will continue to support these relationships and develop new ones to further the prevention and detection of fraud. Organisations which the Council will work with include:

- the police
- the courts
- the Cabinet Office
- the Department for Levelling Up, Housing, and Communities
- the Department for Works and Pensions
- other councils
- registered social landlords
- community groups

- 5.9 Veritau will work with Council departments to ensure that systems for reporting and investigating suspected fraud and corruption are robust.

#### Fraud Awareness Training

- 5.10 As part of its annual work plan, Veritau will provide targeted fraud awareness training to specific groups of staff, based on its annual risk assessment.

#### Investigation

- 5.11 Suspected cases of fraud, corruption, theft or other irregularity that are considered to be of high risk will be investigated. The nature of each investigation will depend on the circumstances of each case. Veritau will act as a first port of call for any suspected fraud and will provide advice on whether other agencies should be notified (e.g. the police). Veritau will determine the extent of the investigation to be carried out in consultation with the Corporate Director – Strategic Resources, service departments and human resources as appropriate. Where necessary, Veritau may refer cases to other agencies (for example the police) at the discretion of the Head of Internal Audit. Figure 1 overleaf outlines the fraud referral and investigation process.

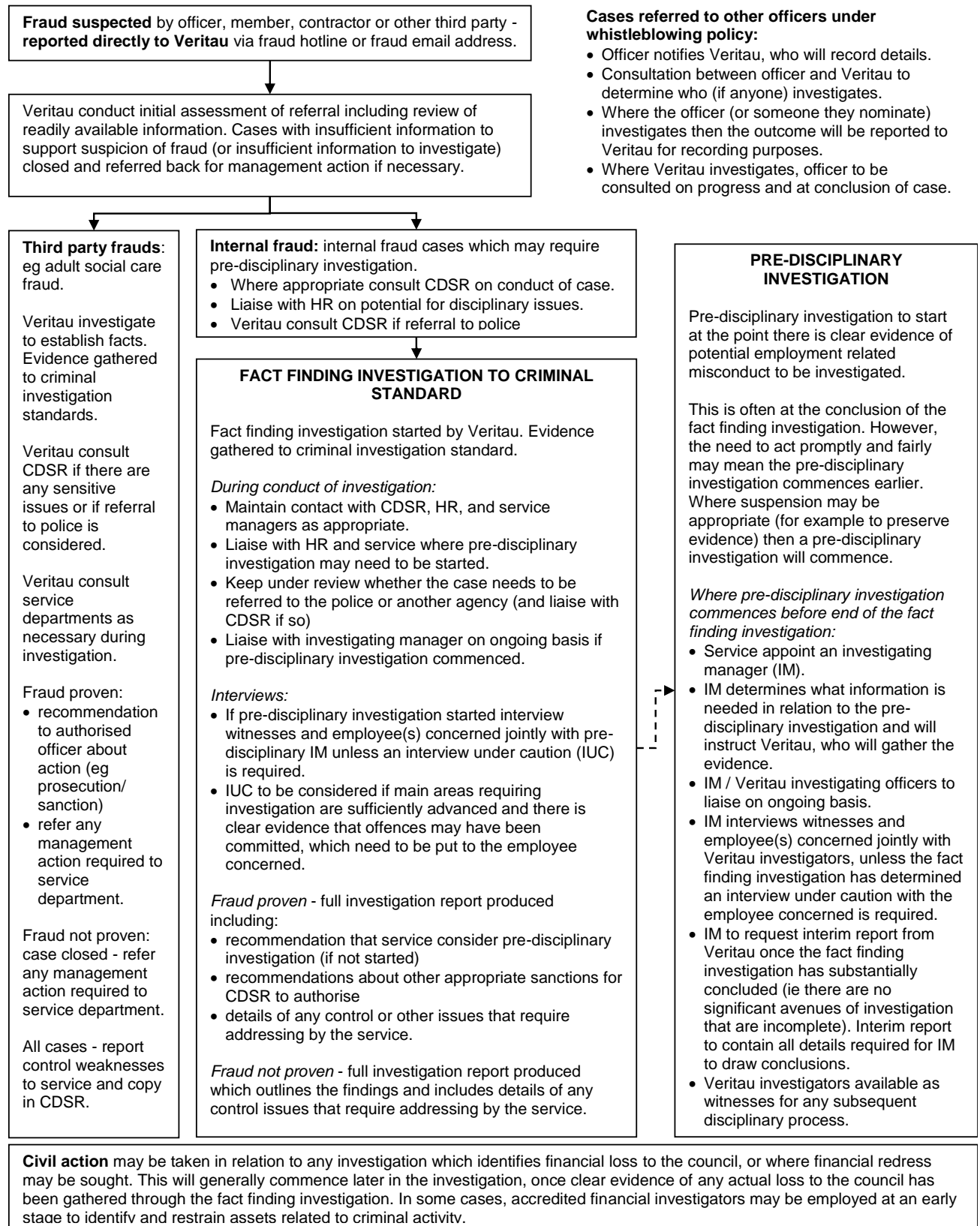
- 5.12 All staff involved in the investigation of fraud will be appropriately trained. They will be required to comply with any relevant legislation and codes of practice. For example the Police and Criminal Evidence Act (PACE), Regulation of



Investigatory Powers Act (RIPA), the General Data Protection Regulation (GDPR), the Criminal Procedures Investigations Act (CPIA), and any relevant guidance from the Attorney General. Investigators will take into account the individual circumstances of anyone involved in an investigation and adjustments to procedure will be made where necessary to ensure that all parties are treated equitably (where it is appropriate and reasonable to do so).

- 5.13 As part of the outcome of every investigation, a review of any weaknesses in control will be made and if necessary recommendations will be made to address any issues identified. These will be set out in a formal report to the managers of the service concerned, and will be followed up to ensure the issues are addressed.

**Figure 1: North Yorkshire County Council investigation process**



- 5.14 The Head of Internal Audit will ensure that systems for investigating fraud are reviewed on an ongoing basis, to ensure that they remain up to date and comply with best practice.

#### Publicity

- 5.15 The Council will publicise all successful prosecutions undertaken either by itself or by partner organisations, to act as a deterrent against future fraud.

- 5.16 In addition, where appropriate, targeted publicity will be used to raise the awareness of fraud to staff, members, the public, and other agencies. This will consist of both internal and external publicity and will aim to:

- raise awareness about potential fraud and ensure all stakeholders are alert to the possibilities of fraud;
- inform all stakeholders of the procedures to be followed if they have suspicions of fraud;
- ensure that all stakeholders are aware that the Council will not tolerate fraud and the consequences of committing fraud against it.

#### Recovery of Monies

- 5.17 Where any loss has been incurred by the Council or additional costs have been incurred as a result of fraud or corruption, the Council will seek to recover these from the individual or organisation concerned. This will help to ensure that the financial impact of fraud on the Council is minimised and act as a deterrent. As a further deterrent, the Council will seek to levy any appropriate fines or penalties where it is possible and desirable to do so.

- 5.18 Methods of recovery may include (but are not limited to):

- recovery from assets held by the organisation or individual (using the Proceeds of Crime Act or any other relevant legislation);
- bankruptcy where appropriate;
- recovery from future salary payments if an individual remains an employee of the Council;
- recovery of pension contributions from employees or members who are members of the North Yorkshire Pension Fund.

## **6 Monitoring & Review Arrangements**

- 6.1 The arrangements set out in this policy document will be reviewed on an annual basis as part of the audit and fraud planning cycle and will include the Fraud and Corruption Prosecution Policy (**annex A**) and other related guidance. Veritau will work with other departments to ensure that other related guidance and policy (such as the Whistleblowing policy) are reviewed on a regular basis and any amendments or necessary changes are reported to members for approval.

**LAST REVIEWED AND UPDATED: 27 June 2022**



# **FRAUD AND CORRUPTION PROSECUTION POLICY**

## **1 Scope and Purpose**

- 1.1 The fraud and corruption prosecution policy forms part of the Council's overall counter fraud and corruption arrangements. The policy covers all acts, and/or attempted acts, of fraud or corruption committed by officers or members of the Council, or committed by members of the public, or other organisations or their employees, against the Council.
- 1.2 The policy sets out the circumstances in which the Council will take legal action against the perpetrators of fraud or corruption. It also sets out the circumstances when it is appropriate to consider alternative courses of action such as offering a caution. The policy does not cover internal disciplinary procedures which are the subject of the Council's separate disciplinary policy and procedures.
- 1.3 This policy should be read in conjunction with the Council's constitution, financial regulations, contract procedure rules, the counter fraud and corruption policy and strategy, the whistleblowing policy and the Council's disciplinary policy and procedures.
- 1.4 The policy contains specific guidelines for determining the most appropriate course of action when fraud has been identified. Offences other than fraud and corruption (for example those relevant to the enforcement of regulations) are dealt with by the appropriate service departments under other policies and relying on specific legal powers.

## **2 Principles**

- 2.1 The Council is committed to deterring fraud and corruption. As part of its overall strategy to do this the Council will seek to take appropriate action against anyone proven to have attempted and/or committed a fraudulent or corrupt act against it. The Council considers that those guilty of serious fraud or corruption must take responsibility for their actions before the courts.
- 2.2 The policy is designed to ensure that the Council acts fairly and consistently when determining what action to take against the perpetrators of fraud or corruption.
- 2.3 Staff and members who are found to have committed fraud or corruption against the Council may be prosecuted in addition to such other action(s) that the Council may decide to take, including disciplinary proceedings in the case of staff and referral to the relevant officer or body in the case of members. Any decision not to prosecute a member of staff for fraud and corruption does not preclude remedial action being taken in accordance with the Council's disciplinary procedures or other policies.
- 2.4 This Policy is also designed to be consistent with Council policies on equalities. The Council will be sensitive to the circumstances of each case and the nature of the crime when considering whether to prosecute or not.

- 2.5 The consistent application of the policy will provide a means for ensuring that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating committing fraud or corruption. The Council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.
- 2.6 Any decision taken by an authorised officer to prosecute an individual or to offer a formal sanction will be recorded in writing. The reason for the decision being taken will also be recorded.
- 2.7 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the Council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

### **3 Prosecution**

- 3.1 The policy is intended to ensure the successful prosecution of offenders in court. However, not every contravention of the law should be considered for prosecution. The Council will weigh the seriousness of the offence (taking into account the harm done or the potential for harm arising from the offence) with other relevant factors, including the financial circumstances of the defendant, mitigating circumstances and other public interest criteria. All cases will be looked at individually and be considered on their own merit.
- 3.2 To consider a case for prosecution the Council must be satisfied that two tests have been passed. Firstly, there must be sufficient evidence of guilt to ensure conviction. This is called the **evidential test**. Secondly, it must be in the public interest to proceed – the **public interest test**.
- 3.3 To pass the evidential test, authorised officers must be satisfied that there is a realistic prospect of conviction based on the available evidence (that is, there must be sufficient admissible, substantial and reliable evidence to secure a conviction).
- 3.4 To pass the public interest test, the authorised officer will balance, carefully and fairly, the public interest criteria against the seriousness of the offence. The public interest criteria include;
- the likely sentence (if convicted);
  - any previous convictions and the conduct of the defendant;
  - whether there are grounds for believing the offence is likely to be repeated;
  - the prevalence of the offence in the area;
  - whether the offence was committed as a result of a genuine mistake or misunderstanding;

- any undue delay between the offence taking place and/or being detected and the date of the trial;
- the likely effect that a prosecution will have on the defendant;
- whether the defendant has put right the loss or harm caused.

3.5 It will generally be in the public interest to prosecute if one or more of the following factors applies, subject to any mitigating circumstances;

- the actual or potential loss to the Council was substantial;
- the fraud has continued over a long period of time;
- the fraud was calculated and deliberate;
- the person has previously committed fraud against the Council (even if prosecution did not result) and/or there has been a history of fraudulent activity;
- the person was in a position of trust (for example, a member of staff);
- there has been an abuse of position or privilege;
- the person has declined the offer of a caution or financial penalty;
- the case has involved the use of false identities and/or false or forged documents.

3.6 Investigating officers and prosecutors will review the appropriateness of pre-charge engagement where prosecution is considered. This is likely to occur where such engagement may lead the defendant to volunteer additional information that may identify new lines of inquiry. Pre-charge engagement may be instigated by the investigating officer, the council prosecutor, the defendant's representative or a defendant themselves (if unrepresented).

#### **4 Mitigating Factors**

4.1 The following mitigating factors will be taken into account when determining whether to prosecute;

##### **Voluntary Disclosure**

4.2 A voluntary disclosure occurs when an offender voluntarily reveals fraud about which the Council is otherwise unaware. If this happens, then the fraud will be investigated but the offender will not be prosecuted unless in exceptional circumstances. However, any person colluding in the crime will still be prosecuted. A disclosure is not voluntary if the:-

- admission is not a complete disclosure of the fraud;
- admission of the fraud is made only because discovery of the fraud is likely, (for example, the offender knows the Council is already

undertaking an investigation in this area and/or other counter fraud activity);

- offender only admits the facts when challenged or questioned;
- offender supplies the correct facts when making a claim to Legal Aid.

### **III Health or Disability**

- 4.3 Where the perpetrator (and/or their partner) is suffering from prolonged ill health or has a serious disability or other incapacity then the offender will not normally be prosecuted. Evidence from a GP or other doctor will be requested if the condition is claimed to exist, unless it is obvious to the investigator. It is also necessary to prove that the person understood the rules governing the type of fraud committed and was aware that their action is wrong. This may not be possible where, for instance, the offender has serious learning difficulties. However, simple ignorance of the law will not prevent prosecution.

### **Social Factors**

- 4.4 A wide range of social factors may make a prosecution undesirable. The test is whether the court will consider the prosecution undesirable, and go on to reflect that in the sentence.

### **Exceptional Circumstances**

- 4.5 In certain exceptional circumstances the Council may decide not to prosecute an offender. Such circumstances include;
- the inability to complete the investigation within a reasonable period of time;
  - the prosecution would not be in the interests of the Council;
  - circumstances beyond the control of the Council make a prosecution unattainable.

## **5 Alternatives to Prosecution**

- 5.1 If some cases are considered strong enough for prosecution but there are mitigating circumstances which cast a doubt as to whether a prosecution is appropriate then the Council may consider the offer of a sanction instead. The two sanctions available are;
- a caution, or;
  - financial penalty.

### **Simple Cautions**



5.2 A simple caution is a warning given in certain circumstances as an alternative to prosecution, to a person who has committed an offence. All cautions are recorded internally and kept for a period of six years. Where a person offends again in the future then any previous cautions will influence the decision on whether to prosecute or not.

5.3 For less serious offences a simple caution will normally be considered where all of the following apply;

- there is sufficient evidence to justify instituting criminal proceedings;
- the person has admitted the offence;
- there is no significant public requirement to prosecute;
- it was a first offence, and;
- a financial penalty is not considered to be appropriate.

Only in very exceptional circumstances will a further caution be offered for a second or subsequent offence of the same nature.

5.4 Cautions will be administered by the Head of Internal Audit (or deputy), Assistant Director - Corporate Fraud, Corporate Fraud Manager, or a Senior Corporate Fraud Investigator, on behalf of the Council. If a caution is offered but not accepted then the Council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

### **Financial Penalties**

5.5 The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, permit a financial penalty to be offered to claimants as an alternative to prosecution. The penalty is set at 50% of the amount of the excess reduction, subject to a minimum of £100 and a maximum of £1,000. Once a penalty is accepted, the claimant has 14 days to change their mind.

5.6 Subject to the criteria set out in the guidelines below, a financial penalty will normally be offered by the Council in the following circumstances;

- the Council believes that there is sufficient evidence to prosecute;
- it was a first offence or a previous offence was dealt with by way of a caution, and;
- in the opinion of the Council, the circumstances of the case mean it is not overwhelmingly suitable for prosecution, and;
- the claimant has the means to repay both the overpayment and the penalty, and;

- there is a strong likelihood that both the excess reduction and the penalty will be repaid.

5.7 It is important to note that the claimant does not need to have admitted the offence for a financial penalty to be offered. Financial penalties will be administered by the Head of Internal Audit (or deputy), Assistant Director - Corporate Fraud, Corporate Fraud Manager or a Senior Corporate Fraud Investigator. If a financial penalty is not accepted or is withdrawn then the Council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

## **6 Proceeds of Crime Act 2002 (POCA)**

6.1 In addition to the actions set out in this policy, the Council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for restraint and/or confiscation of identified assets. A restraint order will prevent a person from dealing with specific assets. A confiscation order enables the Council to recover its losses from assets which are found to be the proceeds of crime.

## **7 Implementation Date**

7.1 This revised policy is effective from 27 June 2022 and covers all decisions relating to prosecutions and sanctions after this date.



# **ANTI-BRIBERY POLICY**

## **1 Introduction**

- 1.1 The Bribery Act became law in 2011 and was enacted to enable robust action to be taken against all forms of bribery. The Council is committed to protecting the public purse and the services it provides from being abused. The Council has a zero-tolerance approach towards bribery and promotes the prevention, deterrence and detection of bribery.
- 1.2 Bribery is defined as the offering, giving, receiving or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty. The act of bribery is the intention to gain a personal, commercial, regulatory or contractual advantage.
- 1.3 Facilitation payments are unofficial payments made to public officials to secure or expedite actions. These are not tolerated and are illegal.
- 1.4 This policy should be read in conjunction with the Council's Gifts and Hospitality Protocol.

## **2 Principles**

- 2.1 The Council is committed to the prevention, deterrence and detection of bribery.
- 2.2 The Council commits to:
  - Making all employees and associated people aware of their responsibilities to adhere strictly to this policy at all times.
  - Training members of staff so that they are aware of the Bribery Act.
  - Encouraging all employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately.
  - Rigorously investigate instances of alleged bribery and assist the police and other authorities in any investigations or prosecutions they undertake.
  - Taking strong action against any individual(s) involved in bribery.

## **3 Scope**

- 3.1 This policy applies to all of the Council's activities, members of staff (permanent and temporary), agency staff, volunteers, consultants, and members.
- 3.2 For partners, joint ventures, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.3 All employees and members are required to:
  - Raise concerns as soon as possible if it is believed or suspected that this policy has been breached or may be breached in the future.

- Comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.
- 3.4 As well as the possibility of civil and criminal prosecution, employees breaching this policy will face disciplinary action, which could result in dismissal in cases of gross misconduct.

## **4 Offences**

- 4.1 There are four key offences under the Bribery Act 2010.

### **Section 1 – Offence of bribing another person**

- 4.2 This section makes it an offence when a person offers, promises or gives a financial or other advantage to another person and intends the advantage to induce a person to perform improperly a relevant function or activity or to reward a person for the improper performance of such a function or activity.
- 4.3 It is also an offence when a person offers, promises or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

### **Section 2 – Being bribed**

- 4.4 This section makes it an offence when a person requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly.
- 4.5 It is an offence when a person requests, agrees to receive or accepts a financial or other advantage and the request, agreement or acceptance itself constitutes the improper performance of the person of a relevant function or activity.
- 4.6 It is an offence if a person requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity.
- 4.7 It is also an offence if a person in anticipation of or in consequence of the person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly.

### **Section 6 – Bribery of foreign public officials**

- 4.8 Under this section of the Act an offence is committed when a person intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business.

- 4.9 It is also an offence to offer, promise or give any financial or other advantage to a foreign public official.

### **Section 7 – Failure of a commercial organisation to prevent bribery**

- 4.10 A relevant commercial organisation is guilty of an offence if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such activity.

### **Corporate Responsibility**

- 4.11 North Yorkshire County Council is considered to be a commercial organisation under the Bribery Act. It is therefore important that the Council takes steps to prevent bribery from occurring within the organisation.
- 4.12 If an offence did occur then courts would consider six tests to determine whether the Council was culpable:
- Does the Council have proportionate procedures in place to prevent bribery by persons associated with it? These should be clear, practical and accessible.
  - Is there top level commitment to preventing bribery? This includes members as well as officials.
  - Is the Council's exposure to potential external and internal risks of bribery periodically assessed?
  - Does the Council take a proportionate and risk based approach to mitigate identified bribery risks.
  - Are anti-bribery policies and procedures embedded and understood throughout the organisation? Are they communicated internally and externally?
  - Are procedures monitored and reviewed regularly?

### **Penalties**

- 4.13 A person guilty of an offence under sections 1, 2, or 6 of the Bribery Act is may be sentenced to:
- a maximum imprisonment of 12 month and/or a fine not exceeding £5,000 (if convicted in a magistrates court).
  - a maximum imprisonment of 10 years and/or an unlimited fine (if convicted at a crown court).
- 4.14 An organisation found guilty of allowing bribery offences to occur will be subject to an unlimited fine that is in part determined by the gain that was sought to be made through bribery offences and an assessment of an organisation's culpability by the court.

## **5 How to raise a concern**

- 5.1 We all have a responsibility to help detect, prevent and report instances of bribery. If a member of staff or councillor has a concern regarding a suspected instance of bribery or corruption then please speak up. The sooner you act, the sooner it can be resolved.
- 5.2 Employees who raise concerns or report wrongdoing (e.g. that they have been offered a bribe, have been asked to bribe a third party, or are aware of bribery occurring within the Council or its suppliers) can be concerned that there may be repercussions. The Council aims to encourage openness and will support anyone who raises concerns under this policy, even if those concerns prove to be incorrect.
- 5.3 The Council is committed to ensuring nobody suffers detrimental treatment by refusing to take part in bribery or corruption, or because they report a concern that they believe is true.
- 5.4 Members of staff should consult the Council's Whistleblowing policy which sets out a number of routes for reporting concerns. Any concerns can be reported to the whistleblowing hotline, 0800 9179247 or via email to [counter.fraud@veritau.co.uk](mailto:counter.fraud@veritau.co.uk).
- 5.5 Concerns can be raised anonymously and the Council will still take action. However, it is easier and quicker if concerns are not made anonymously. The Council will take all possible precautions to ensure that the identities of people who raise concerns are protected.

## **6 What to do if someone reports a concern**

- 6.1 All reports of potential bribery within the Council should be reported to the Council's Corporate Director - Strategic Resources, Monitoring Officer, and Veritau.

**Last reviewed and updated: 27 June 2022**

# COUNTER FRAUD ANNUAL REPORT 2021/22

Date: 27 June 2022

APPENDIX 3





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Jonathan Dodsworth  
Assistant Director - Corporate Fraud



Max Thomas  
Head of Internal Audit

Circulation list: Members of the Audit Committee

## BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year<sup>1</sup>. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau provides a corporate fraud service to the County Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud found. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to summarise counter fraud activity in 2021/22. The report also updates the Audit Committee on whistleblowing reports received during the year and the related outcomes.

## KEY PERFORMANCE FIGURES

- 4 Veritau helped the Council to achieve £74k of counter fraud savings in 2021/22, against an annual target of £50k.
- 5 We received 63 referrals of suspected cases of fraud in the course of the financial year including reports from the public, council staff, and external agencies. This represents a 34% increase in referrals from the previous year.
- 6 We completed 47 investigations in 2021/22 with successful outcomes<sup>2</sup> achieved in 51% of cases.
- 7 Four people were issued with formal warnings, and four false applications for school places were blocked.
- 8 A detailed summary of performance can be found in **annex A**, below.

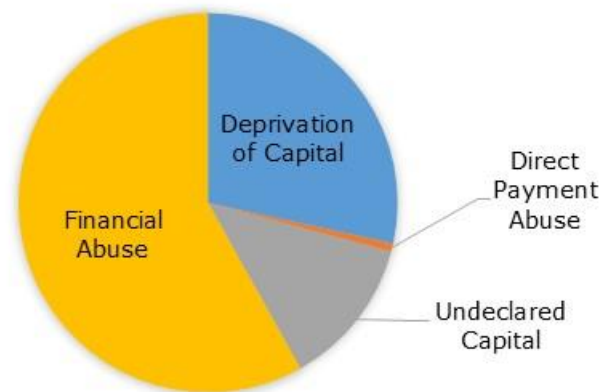
<sup>1</sup> Fraud and Error (Ninth Report of Session 2021/22), Public Accounts Committee, House of Commons

<sup>2</sup> Actual outcomes vary by case type but include, for example, benefits or discounts being stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked, or management action taken.

## ANALYSIS OF RESULTS

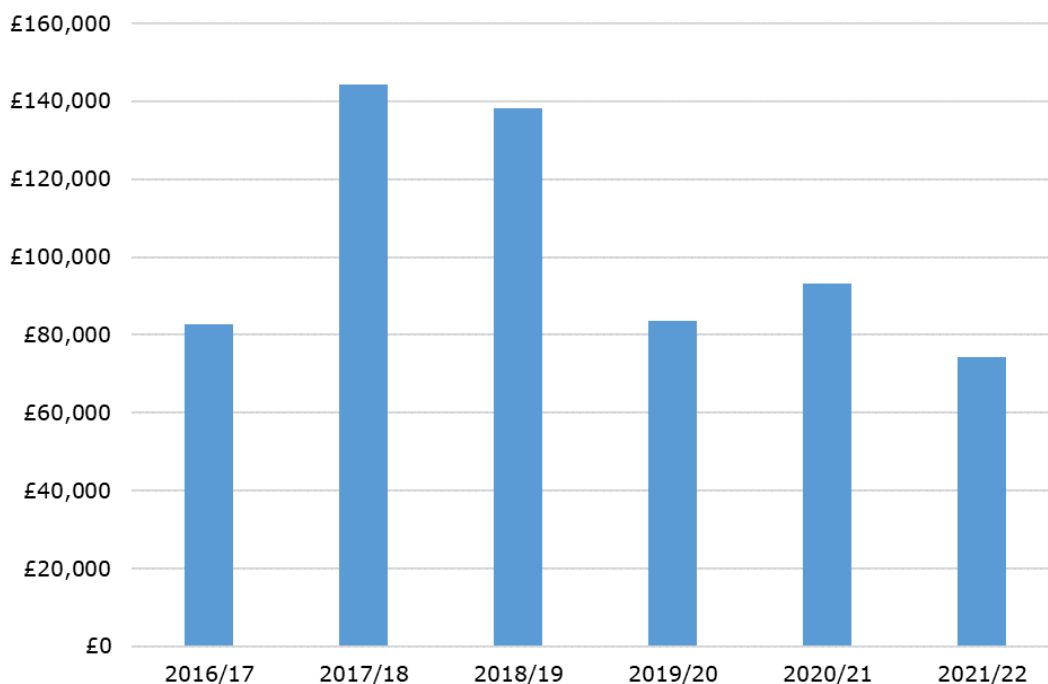
- 9 Veritau has an annual fraud savings target of £50k. The savings figure comprises the repayment of debt arising from investigative work, and a maximum of one year future savings if an investigation has stopped an ongoing fraud that would otherwise have continued. The majority of savings achieved in 2021/22 related to adult social care. The chart below shows which types of fraud within Adult Social Care the savings relate to:

**Breakdown of  
Adult Social Care  
Savings  
2021/22**



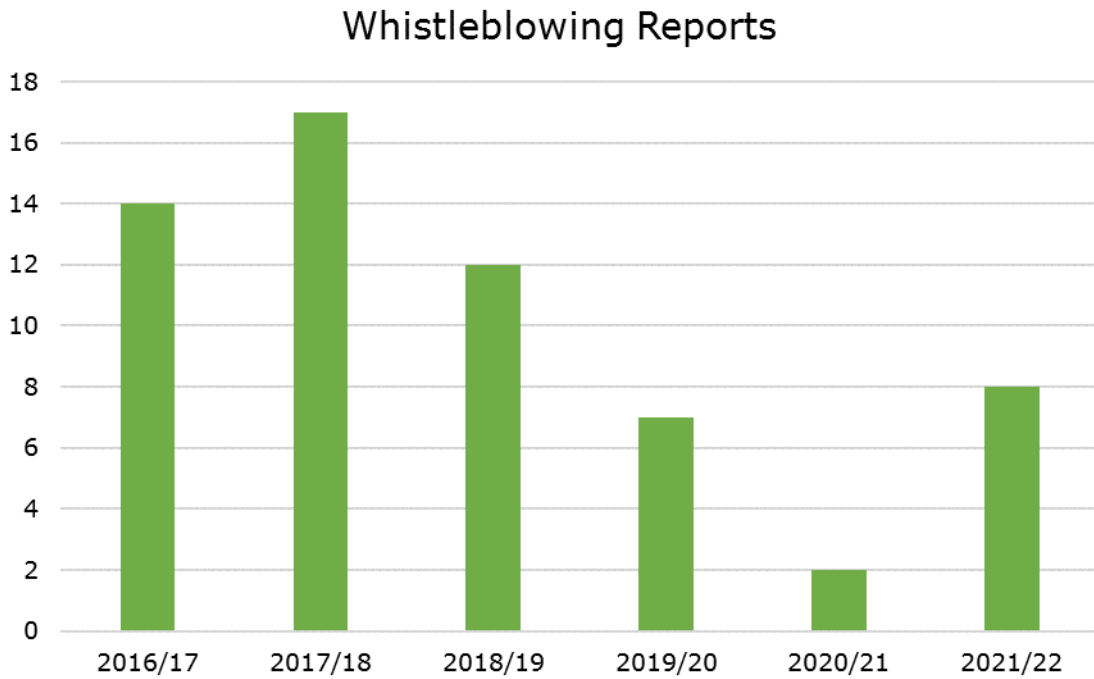
- 10 Over the past six years Veritau has helped the County Council achieve over £600k in counter fraud savings, averaging £103k per financial year.

**Annual Counter Fraud Savings**

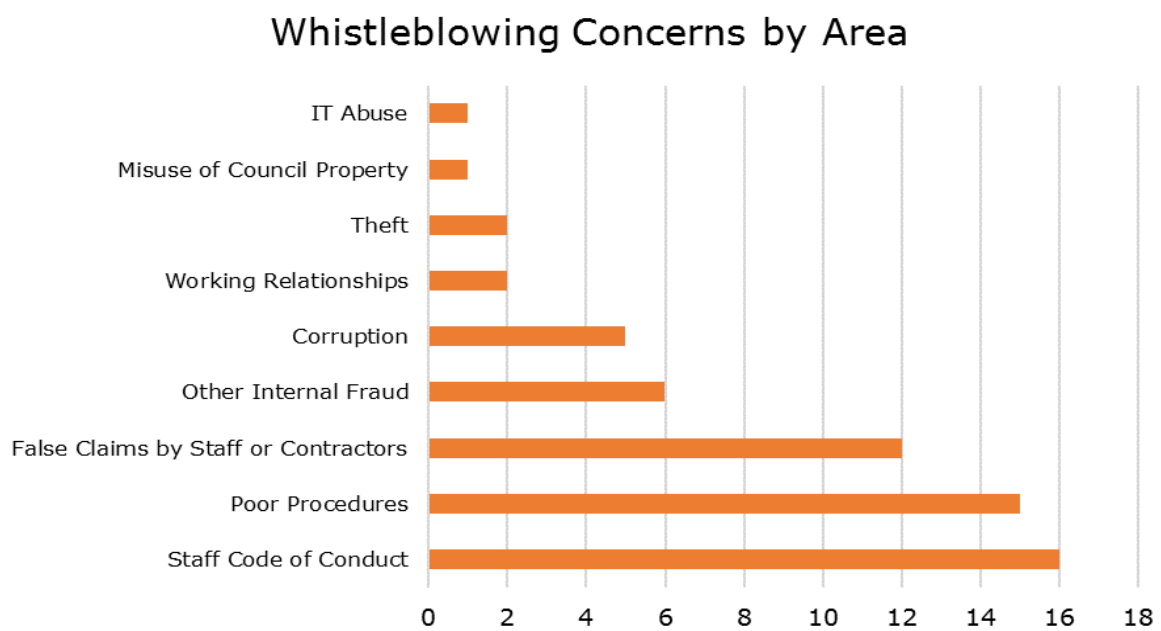


## WHISTLEBLOWING

- 11 Veritau supports the Council’s whistleblowing processes and leads on the application of the policy. We work with council colleagues within the Human Resources department to ensure that all concerns raised are dealt with appropriately.
- 12 The table below shows the number of whistleblowing reports recorded over the past six financial years – 60 in total.



- 13 The following table below details the categories of whistleblowing reports received over the same period.



- 14 Eight whistleblowing reports were received in 2021/22. Four reports related to poor procedures within a council department, and the remaining four reports related to code of conduct issues by a member of staff, corruption by a member staff, theft, and other internal fraud. One report was dealt with by Human Resources but the remainder were investigated by Veritau. Two of these reports are still under investigation.
- 15 During the year, one whistleblowing report was substantiated relating to a concern about a member of staff working for another organisation whilst on sick leave. The case led to disciplinary action being taken. Two whistleblowing reports were partially substantiated; one related to concerns that a council contractor was using employees that were not DBS checked, and the other to a concern that procedures had not been followed in a council recruitment process. Five concerns were not substantiated. These related to concerns around planning processes, the leadership of a head teacher, a school's response to an OFSTED report, an alleged forgery, and the alleged theft of food.

## COUNTER FRAUD MANAGEMENT

- 16 Veritau undertakes a range of non-investigative work to support the council. Raising awareness of fraud risks amongst council staff and the public is an important function of the counter fraud team. Awareness campaigns were undertaken to mark International Fraud Awareness Week and International Anti-Corruption Day in November and December 2021 respectively. In addition specific training was provided to members of staff within the adult social care and human resources departments during 2021/22.
- 17 Cybercrime is an increasing threat to public and private sector organisations. Veritau noted an increase in the volume and sophistication of attacks in the course of the last year, regionally and nationally. We have worked with council staff to ensure that robust controls are in place to meet this increasing threat. Awareness of the threat of cybercrime was raised with all members of staff during Cyber Security Awareness Month in October 2021.
- 18 We also ensure that the council meets its legal obligations. We oversee work connected to the National Fraud Initiative, an exercise run by the Cabinet Office, in which council participation is mandatory. We also provide annual transparency data for publication by the council.
- 19 Veritau's counter fraud team represents the council at regional and national counter fraud groups. Veritau participates in regular meetings of the Yorkshire and Humber Counter Fraud Group. Veritau participates in and chairs a national Fighting Fraud and Corruption Locally working group examining issues surrounding adult social care fraud.

## ANNEX A: COUNTER FRAUD ACTIVITY 2021/22

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2021/22.

	<b>2021/22 (Actual: Full Yr)</b>	<b>2021/22 (Target: Full Yr)</b>	<b>2020/21 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£74,325	£50,000	£93,038
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	51%	30%	54%

Caseload figures for the period are:

	<b>2021/22 (Full Year)</b>	<b>2020/21 (Full Year)</b>
Referrals received	63	47
Number of cases under investigation <sup>3</sup>	11	23
Number of investigations completed	47	48

<sup>3</sup> As at the end of each financial year on 31 March 2022 and 2021 respectively.

## Summary of counter fraud activity

Activity	Work completed
Data matching	<p>The 2020/21 National Fraud Initiative (NFI) data matching exercise is now complete. Over 17,000 matches were released over the course of 2020/21. These matches have been reviewed and addressed by council officers and the Veritau counter fraud team. In total £7.5k in error was detected. In addition more than 4,000 records were updated on the blue badge and bus pass systems.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity completed in 2021/22 includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Adult Social Care fraud</b> – we completed 17 investigations in this area in 2021/22. Ten of the investigations resulted in invoices being issued. Two people received formal warnings for their conduct in relation to adult social care payments. Almost all of the £74k in savings achieved by the council, with support from the counter fraud team, were found in this area.</li> <li>• <b>Internal fraud</b> – 9 investigations into potential internal fraud or misconduct were completed in 2021/22.</li> <li>• <b>External or third party fraud</b> – we completed 4 investigations in this area. One person received a formal warning after incorrectly claiming nearly £6k in child minding fees that they were not entitled to.</li> <li>• <b>Education verification</b> – we work with the Council’s school admissions team to investigate and deter false applications for school places. Ten applications for school places were verified in 2021/22 which resulted in 4 applications being subsequently blocked.</li> <li>• <b>Financial Assistance Scheme fraud</b> – we completed 5 investigations in this area during the last financial year, which resulted in one warning being issued for a false application.</li> </ul>

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## North Yorkshire County Council

### Audit Committee

27 June 2022

### Review of Assurance over Value for Money

### Report of the Corporate Director – Strategic Resources

#### 1.0 Purpose of report

- 1.1 To consider the ongoing arrangements made within the County Council in respect of achieving Value for Money (VfM).
- 1.2 To consider how overall assurance is obtained about the effectiveness of these arrangements.

#### 2.0 Background

- 2.1 The Audit Committee's role is "to have oversight of the arrangements across the County Council in securing Value for Money". This has been the case for some time now and once upon a time there was a clearly set out VFM framework including sets of nationally prescribed indicators and inspection regimes so reaching a view appeared much simpler (although still running the risk of being bound by the restrictions of such a framework).
- 2.2 The current position is much more nuanced and there are fewer "go-to" places to reach a very definitive view about VFM within the Council. This report therefore seeks to draw together a range of information about approaches within the Council that seeks to ensure VFM and lines of enquiry as the Council moves forward into its unitary phase.

#### 3.0 National Context

- 2.1 Under the Local Audit and Accountability Act 2014 (the Act) Section 20(1) requires that: 'In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'
- 2.2 The Local Audit and Accountability Act 2014 (the Act) makes the National Audit Office's (NAO) Comptroller and Auditor General responsible for the preparation, publication and maintenance of a Code of Audit Practice (the Code). The Code sets out what auditors are required to do to fulfil their statutory responsibilities under the Act. The Code is reviewed every five years, so the Code that applies will depend on the financial year being audited
- 2.3 A new Code came into force on 1 April 2020, after being approved by Parliament. It was developed following a consultation process during 2019. The revised Code will therefore apply to the audit of the Council accounts from 2020/21 and replace the 2015 Code which preceded it. Under these arrangements accounts from 2020/21 will be audited under the 2020 code.

- 2.4 Auditor responsibilities under the new Code of Audit Practice Under the 2020 Code of Audit Practice there is still a requirement to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness, (the 3E's) on its use of resources.
- 2.5 However, there is no longer an overall evaluation criterion which needs to be concluded on. Now where auditors identify a significant weakness in proper arrangements, they are required to report by exception within the audit report on the statement of accounts.
- 2.6 The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. The specified reporting criteria are:
- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
  - **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services
- 2.7 Under the 2020 Code of Audit Practice the Councils Auditors, Deloitte LLP are required to report against a specified reporting criteria for Value for Money as detailed above. If any significant risks to VfM are identified, then these must be reported by exception as part of the audit opinion.
- 2.8 In their final report to the Audit Committee, Dec 21 on the 2020/21 audit, Deloitte issued an unmodified audit opinion, with no reference to any matters in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.
- "A key element of this report is our commentary on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources. Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Council has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Council has in place, nor does it provide positive assurance that the Council is delivering or represents value for money.*
- We have not identified any significant weaknesses in the Council's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses."*
- 2.9 In the Auditors Annual Report 2020/21 issued on the 10 March 2022, in response to the three reporting criteria for VfM Deloitte's concluded:
- **Financial Sustainability** – "the Council has sufficient arrangements to provide financial sustainability in place for the size and function of the Council."
  - **Governance** – "the Council has a number of policies in place to ensure it makes properly informed decisions."

- **Improving economy, efficiency and effectiveness** – “we are satisfied the Council has sufficient arrangements to improve economy, efficiency and effectiveness in place for the size and function of the Council.”

### 3.0 Local Context

3.1 As set out above, the Audit Committee’s terms of reference in respect of Value for Money are:

**“To have oversight of the arrangements across the County Council in securing Value for Money”**

3.2 Alongside the Chief Executive, Section 151 Officer and Monitoring Officer, the Audit Committee, representing the Council, are also responsible for ensuring proper stewardship and governance, reviewing regularly the adequacy and effectiveness of these arrangements.

3.3 This is to be achieved through the on-going evaluation of a range of activity within the Council, however it is felt that an annual report is to be considered by the Audit Committee in order to give due focus to value for money.

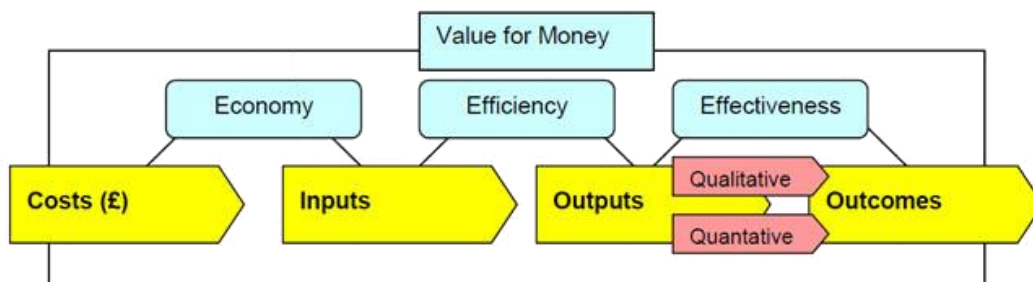
### 4.0 Proper Arrangements

4.1 Under the 2020 code there is still a requirement to maintain proper arrangements with regard to the 3Es.

4.2 The National Audit Office (NAO) uses three broad criteria to assess the value for money, for authorities spending.

These are:

- **Economy:** minimising the cost of resources used or required (inputs) – spending less;
- **Efficiency:** the relationship between the output from goods or services and the resources to produce them – spending well; and
- **Effectiveness:** the relationship between the intended and actual results of public spending (outcomes) – spending wisely.



4.3 Overall, this can be summarised as: **“The assessment of the cost of a product or service against the quality of output received”**. It is therefore not simply about buying at the cheapest price eg. the consultation on Transforming Public Procurement from Government suggests that commercial teams do not have to select the cheapest bid and that they can design evaluation criteria to include wider economic, social or environmental benefits.

4.4 In light of these assumptions, some simple questions may now be asked of ourselves:

- What level of quality is Council looking for?

- Is the level of spend commensurate with the quality being achieved?
- Is the service being delivered / procured delivering sufficient return to meet the objectives of the Council as outlined in the council plan?
- What is a fair price to pay for the goods or services?
- Are other influences to be considered, such as rurality or market forces such as the international cost of Gas, Oil and Wheat?

4.5 As the country started to recover from the impact of the pandemic the Council and our suppliers moved into the recovery phase. The United Kingdom economy has subsequently been impacted by the war in the Ukraine. This has compounded the issues which had already been faced. Increasing inflationary pressures and the impact on the cost of living are factors which will impact the council as we move through 2022 and into 2023. Ensuring continuity of suppliers essential to the councils operations is a priority. All of this severely distorts traditional price and market benchmarking.

## 5.0 Existing assurances for 2020/21 and beyond.

5.1 Within North Yorkshire County Council, there are a number of activities that individually may not guarantee good VfM by themselves, but by considering each of these against the principals of VfM and in conjunction with the “proper arrangements” help ensure increased confidence that widespread VfM is being achieved.

5.2 The following is not an exhaustive list of the range of actions that occur but do stand to illustrate the broad approach that takes place to secure good VfM with in the council.

## 6.0 The Council Plan

6.1 The Council Plan continues to be the strategic framework that is used to help the council focus efforts, ensuring they are aligned with our objectives. This is one of the key principles behind delivering good VfM: alignment of goals to promote effective utilisation of resources. The Council Plan for 2022/23 was recently approved by full council reaffirming the five ambitions of the council.

6.2 The five ambitions are:  
**Leading for North Yorkshire** – this ambition sets out our place shaping outcomes and priorities, including: Climate Change, Stronger Communities and volunteering, Health and Wellbeing, Broadband, Equalities and Devolution. Importantly providing strong leadership for the people of North Yorkshire.

6.3 The three outward, service facing ambitions remain largely unchanged from previous plans:

- **Every Child and young person has the best possible start in life.**
- **Every adult has a longer, healthier, independent life.**
- **North Yorkshire is a place with a strong economy & commitment to sustainable growth**

6.4 **Innovative and forward thinking Council** - has an emphasis on the delivery of our internal support services and ways of working across the council.

6.5 This will be the last Council Plan for the County Council. As from the 1 April 2023 a new unitary Council for North Yorkshire comes into being which will have its own Council Plan covering the services and ambitions of the new council

## 7.0 Local Government Reorganisation

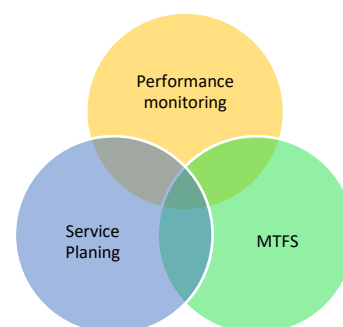
- 7.1 The new council is ideally placed to deliver enhanced VFM measures for North Yorkshire across a range of services. The Case for Change identified a net saving of £252m over a 5 year period for local government in North Yorkshire and this was all identified as being through efficiency as opposed to service reductions. Some examples of which could include: a uniform waste collection and disposal service, harmonization and optimisation of back office services, reduced management and leadership costs, and development of other integrated services that will take advantage of the new enhanced North Yorkshire footprint. Finally, there will be economies of scale covering both staffing and procurement across the new council.
- 7.3 Strengthened public services delivered at local level and in a way that local residents, feel is effective and represent value for money will be a clear focus for the new council.

## 8.0 MTFS

- 8.1 In addition to the annual budget setting process, the Council also completes a Medium Term Financial Strategy (MTFS). Given the new unitary council for North Yorkshire will come into effect from 1 April 2023, it was agreed across all eight authorities to produce an MTFS up to 2024/25, with the aggregate position being used as a starting point for the new authority.
- 8.2 The NYCC MTFS identifies a recurring shortfall of £18.0m over the period to 2024/25 and the provisional estimate is that the 7 district councils have a further £9m of structural deficit totalling £27m. This is then compounded by the exceptional inflationary pressures which are now biting and are being collated as part fo the shadow Budget for the new North Yorkshire Council. The Council will undoubtedly need to call upon reserves in the short term but this should provide a strong platform to find time to deliver the transformational savings that will be achieved through local government reorganisation resulting in improved VFM.

## 11.0 Service Planning

- 11.1 Service planning is integrated with MTFS and performance monitoring into one global exercise. This approach was further utilised for the 2021/22 round of service planning. The Grant Thornton CFO Insights tool, has again been used to give up to date benchmarking, financial and community data across the council's and others services.



- 11.2 The starting point for the exercise is the benchmarking North Yorkshires performance, spend and unit cost data against that of the class leaders, whether that be Counties, Unitary or Met Districts. The aim is to understand why they are performing as well as they are and what can North Yorkshire learn from them? This is then considered alongside the MTFS with any pre-agreed saving targets factored in, the expenditure profile over the next three years and an additional savings requirement which continues to be set at 2.5% and 5%.
- 11.3 In producing service plans, greater emphasis has been put on having accurate, relevant indicators in the plan that can track the progress and identify that savings

that are being made. The Quarterly Finance and Performance reports to Management Board and Executive ensures that these indicators are monitored and reported on in a timely fashion in-conjunction with the quarterly financial reporting.

- 11.4 In addition, Focussed Reviews are carried out in areas of particular interest. These Reviews are carried out in specific service areas in a short timescale accessing key data and processes with a view to identifying quick and longer term wins. LGR has meant that this resource has mostly been deployed into LGR transitioning work but the approach is entirely consistent with improving VFM.

## **12.0 Procurement and Contract Management**

- 12.1 The Procurement and Contract Management Service has overall responsibility for all aspects of the procurement cycle, including policy, procedure and process. The Service is managed by the Head of Procurement & Contract Management who leads on procurement and contract policy. The structure includes a specific team for Contract Management. This role has oversight for Contract Management across the Authority, and continues to share best practice and training to Officers. Effective contract management is key to successfully delivering a contract following the completion of a procurement. To support this contract support is being implemented specifically for HAS and CYPS. The team continue to manage a number of corporate contracts and are working alongside Property Services.
- 12.2 Contract management will continue to happen within Directorates, with support and guidance from the Procurement and Contract Management Service.
- 12.3 The Council has a corporate procurement strategy and a supporting strategy action plan. The Audit Committee frequently reviews the Procurement function as part of its annual programme. The existing strategy sets out how the Council will achieve its procurement and contract management ambitions, aims and objectives up to 2022. Across the four-year life of this strategy the Procurement and Contract Management Service will manage spend of around £1.6 billion. This strategy sets out the plans to achieve best value, efficient use of resources, technology, innovation and procedures to ensure we make the best use of that spend for North Yorkshire residents. As part of the LGR procurement and contract workstream the strategy is being reviewed and a new strategy will be approved in readiness for the new council in April 2023.
- 12.4 Work continues in relation to supply chain resilience and managing our “at risk” suppliers/ markets. As our markets started to recover from the impact of COVID we are now seeing the impact of the situation in the Ukraine. Ensuring the continuity of suppliers essential to the council’s ability to function, and mitigating inflationary effects brought about by uncertainty and supply shortages is a priority. As a service, procurement has already completed and is continually reviewing market assessments to brief senior managers, the council has the governance in place to respond to our suppliers through our Supply Chain Resilience Board.
- 12.6 In readiness for the new council the Procurement and Contract Management Service is working alongside colleagues within the districts and boroughs to ensure visibility of our collective procurement pipelines and contract portfolio. This will support and enable effective decision making and support the council in how it manages resources moving forward. Work has already commenced collaboratively on some key contracting areas including, energy; fleet and insurances. Further to this work is underway to review the Procurement and Contract Procedure Rules which support the council in decision making and management of risk. Procurement and contracting

is a key enabler of the cashable and non-cashable savings linked to the local government reorganisation.

### **13.0 Qualitative Measures**

- 13.1 In reviewing VFM, both the Qualitative and Quantitative aspects should be viewed and balanced to get best VFM results.
- 13.2 Below is an example of a qualitative view from the OFSTED visit in June 2021
- 13.3 The formal letter from OFSTED regarding the June 2021 Focused Visit has now been published, quoting “Highly confident senior leaders and managers have ensured that children’s services have continued to develop positively since the last inspection.
- 13.4 Despite COVID and the resultant increase in the number of children being referred to children’s services, partnership work has flourished, the practice model is now fully embedded, and vulnerable children receive effective services from skilled and compassionate professionals who protect, help and support them”.
- 13.5 It is key, of course, that lessons are also learned from critical reviews and complaints. That is why there is a corporate complaints team and regular updates are reported to Management Board and to the Executive as part of the quarterly monitoring reporting regime – see next section.

### **14.0 The quarterly performance reports - Q reports**

- 14.1 The quarterly performance reports (Q reports) have continued to develop, based on comments from Management Board, Executive and the Executive Member with portfolio responsibility for Performance
- 14.2 The reports now have a stronger emphasis on challenging the directorates over their performance highlighting strengths and challenges. The reports are themed around the five key ambitions of the Council. With each ambition taking the lead for greater scrutiny once in the annual reporting cycle.
- 14.3 A major part of the performance framework and thus the quarterly performance reports is the corporate Key Performance Indicator (KPI) suite. Drawing them together and framing them in this way provides Management Board & Executive a broader overview of performance across the Council, as well as progress against the council ambitions and service plan objectives. The suite is reviewed to ensure it remains relevant to Councils ambitions.
- 14.4 Overview and Scrutiny Board continue to provide an additional level of challenge. Quarterly performance briefings are provided to Chairs of Scrutiny Committee’s (Scrutiny Board) and plans are in train to align elements of performance with individual Scrutiny Committee’s future work programme and forward plans.

### **15.0 Recommendations**

- 15.1 That the Audit Committee:
  - a) Review the arrangements currently in place for assuring value for money;
  - b) Identify any areas for further development in the assurance arrangements;
  - c) Confirm if they are satisfied that this report adequately contributes to the requirements of fulfilling the terms of reference noted in section 2.1.

GARY FIELDING  
Corporate Director – Strategic Resources  
June 2022

Report prepared by Tony Law  
Team Leader Strategy and Performance



## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

## INTERNAL AUDIT WORK FOR THE CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE

### Report of the Head of Internal Audit

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the internal audit work performed during the period from 1 September 2021 to 31 May 2022 for the Children and Young People's Services Directorate (CYPS).

#### 2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the Children and Young People's Services Directorate (CYPS), the Committee receives assurance through the work of internal audit (as provided by Veritau), as well as receiving a copy of the latest directorate risk register.
- 2.2 This agenda item is considered in two parts. This first report considers the work carried out by Veritau and is presented by the Head of Internal Audit. The second part is presented by the Corporate Director and considers the risks relevant to the directorate and the actions being taken to manage those risks.

#### 3.0 WORK CARRIED OUT DURING THE 9 MONTH PERIOD ENDED 31 MAY 2022

- 3.1 As well as audits of directorate systems and processes, Veritau also reviews the adequacy of controls operating within North Yorkshire maintained schools. The majority of audit work within schools is performed as part of themed audits, where a specific topic is reviewed across a range of schools. During these audits feedback is provided to each school visited, but the audit report is issued to CYPS. The reports include common issues and/or best practice. The directorate then provides a response which is aimed at improving standards across all schools.
- 3.2 Details of internal audit work undertaken within the directorate and the outcomes of these audits are provided in **appendix 1**. The work for all 2021/22 audits is now substantially complete, although there are a number of audits that are currently in the final stages of completion, including the schools themed audits for the year.
- 3.3 Veritau has also been involved in carrying out a number of other assignments for the directorate. This work has included:

- monitoring and reviewing SFVS returns and drafting the annual DfE return
  - reviewing the schools finance manual, in conjunction with school representatives and officers from Finance and Management Support, Legal Services and the Corporate Property Landlord Unit
  - contributing to training sessions at the termly school bursar conferences
  - keeping schools informed of best practice and recent developments
  - publishing advice for schools on counter-fraud arrangements to enable them to comply with the requirements of the LMS Scheme
  - completing audits requested by individual maintained schools (where the school is the client)
  - conducting a number of other special investigations that have either been communicated via the Whistleblowers' hotline or have arisen from issues and concerns raised with Veritau by CYPS management.
- 3.4 As with previous audit reports an overall opinion has been given for each of the specific systems or areas under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in control identified. Where weaknesses are identified then remedial actions will be agreed with management. Each agreed action has been given a priority ranking. The opinions and priority rankings used by Veritau are detailed in **appendix 2**. Where the audits undertaken focused on value for money or the review of specific risks as requested by management then no audit opinion will be given. The work completed for the directorate and the opinions given following each audit contribute to the annual report and opinion of the Head of Internal Audit.
- 3.5 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. **On the basis of the follow up work undertaken during the year, the Head of Internal Audit is satisfied with the progress that has been made by management to implement previously agreed actions necessary to address identified control weaknesses.**
- 3.6 The programme of audit work is risk based. Areas that are assessed as well controlled or low risk are reviewed less often with audit work instead focused on the areas of highest risk. Veritau's auditors work closely with directorate senior managers to address any areas of concern.

#### 4.0 **RECOMMENDATION**

- 4.1 That Members note the results of internal audit work performed in the period for the Children and Young People's Services directorate.

MAX THOMAS  
Head of Internal Audit

Veritau Ltd  
County Hall  
Northallerton

14 June 2022

## **BACKGROUND DOCUMENTS**

Relevant audit reports kept by Veritau.

Report prepared by Ian Morton, Assistant Director – Audit Assurance, Veritau and presented by Max Thomas, Head of Internal Audit





System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
C	Developing Stronger Families September 2021 Claim	N/A	The DCLG framework for the Troubled Families Programme requires internal audit to carry out testing of a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan.	September 2021	Suitable evidence was available to support the claim for each family within the sample.	<b>No actions identified</b>
	Developing Stronger Families December 2021	N/A	The DCLG framework for the Troubled Families Programme requires internal	December 2021	Suitable evidence was available to support the claim for each family within the sample.	<b>No actions identified</b>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
Page 135	Claim		audit to carry out testing of a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan.			
	Early Years	N/A	The audit reviewed the processes for claiming early years funding at a specific childcare setting, but also identified wider issues applicable to the overall early years funding process.	December 2021	<p>The early year's team carry out checks to review school age children included in a claim against school attendees. This was not done promptly and therefore there was a delay in identifying issues of duplicate claims.</p> <p>When a provider registers with NYCC they are required to sign a provider's agreement which stipulates funding arrangements and explains roles and</p>	<p><b>One P2 and two P3 actions were agreed</b></p> <p><b>Responsible Officer: Early Years Funding Officer</b></p> <p>Checks on age are now carried out promptly.</p> <p>Improved training is now given to providers to ensure they are aware of responsibilities, including regular updates around funding rules.</p>

	<b>System/Area</b>	<b>Audit Opinion</b>	<b>Areas Reviewed</b>	<b>Date Issued</b>	<b>Comments</b>	<b>Action Taken</b>
					<p>responsibilities. These are not renewed and some providers appear uncertain of the rules in place.</p> <p>The portal used to obtain information from providers cannot provide information on when data was entered by the provider or that the data has been reviewed by the provider at the appropriate date.</p>	<p>The system has been modified to require a statement that the provider must agree that all checks have been made when headcount data is submitted.</p>



## AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

<b>Audit Opinions</b>	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
<b>Opinion</b>	<b>Assessment of internal control</b>
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

<b>Priorities for Actions</b>	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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## NORTH YORKSHIRE COUNTY COUNCIL

### AUDIT COMMITTEE

27 JUNE 2022

#### INTERNAL CONTROL MATTERS FOR THE CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE

##### Report of the Corporate Director – CYPS

#### **1.0 PURPOSE OF THE REPORT**

- 1.1 To outline some of the key service risks and governance related issues within the Directorate
- 1.2 To provide details of the updated Risk Register for the Children & Young People's Directorate

#### **2.0 BACKGROUND**

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the Children and Young People's Services (CYPS), the Committee receives assurance through the work of internal audit (detailed in a separate report to the Committee) and through the Directorate Risk Register.
- 2.2 In addition, this report provides some headlines on key service risks and governance developments.

#### **3.0 KEY GOVERNANCE DEVELOPMENTS AND RISK ISSUES**

- 3.1 The main areas of note for the Directorate are set out below:

##### **(a) Schools White Paper**

In March 2022, the Department for Education published a White paper: "Opportunity for All: strong schools with great teachers for your child". The paper proposes national policies around teacher training and development, teacher recruitment and retention, improved behaviour and attendance, new national expectations for the length of the school week for all mainstream schools, improved safety and wellbeing, a Parent Pledge so that any child that falls behind in English or maths will receive timely and evidence-based support, up to 6 million tutoring packages, and reform of the SEND and Children's Social Care systems.

From a governance perspective, the most impactful policy proposals are a commitment to deliver, by 2030, a fully trust-led system with a single regulatory approach, through growth of strong trusts and establishment of new ones, including trusts established by LAs. The local authority is preparing a strategic response to the White paper, including engaging with key stakeholders including maintained school leaders, DfE Regional Groups, Diocesan representatives and leaders of

Multi-Academy Trusts. The response will recognise the broad range of stakeholders, including 32 existing academy trusts that currently operate in North Yorkshire.

## **(b) SEND Green Paper and High Needs**

Alongside the Schools White Paper, the Department for Education also published a Green Paper on SEND. This describes that LAs remain at the heart of the education system, championing all children in their area – particularly the most vulnerable. The paper proposes that the LA will continue to co-ordinate local services to improve outcomes for children, meet communities' needs for good school places, and secure the best outcomes for individual children (e.g. admissions, safeguarding, and attendance). In addition, the paper proposes that LAs will receive new legal powers to object to changes to PAN, and to direct trusts to admit children.

The SEND Green Paper is published in the wider context of an unsustainable funding system for High Needs. The LA continues to experience a significant increase in the number of children and young people assessed as requiring an Education, Health and Care Plan (EHCP). The accumulated deficit on high needs (i.e. funding for children with additional needs) at the end of March 2022 amounted to £9.6m. Additional High Needs funding allocated by DfE for 2022-23 has reduced the projected in-year deficit to c.£1.1m which, if confirmed, would result in an accumulated deficit of c.£10.7m by end-March 2023. However, with demand continuing to rise annually by c.8% and DfE announcements that funding will rise by 3% in 2023-24 and 2024-25, the medium-term outlook remains challenging.

Alongside the Green Paper, the Department for Education also announced capital funding for North Yorkshire of £8.468m over the next two years. Although additional capital resources are welcome, they fall short of the amount needed to reshape special school and targeted mainstream provision across the county in order to meet demand and need. This is in the context that:

- North Yorkshire receives the lowest £ per head in terms of high needs capital funding;
- North Yorkshire is ranked 140th out of 150 local authorities in terms of revenue funding per head
- School Condition Grant allocations, provided to respond to the most significant condition issues across maintained schools, have been reduced in 2022-23. With SEND priority commitments from this funding source, the local authority will continue to face challenges in delivering against planned maintenance backlogs and other improvement projects.

Against the challenging financial backdrop, the Department for Education are launching a 'Delivering Better Value in SEND' programme, working with 55 local authorities nationally to identify ways to tackle some of the high needs financial pressures. DfE have confirmed that North Yorkshire will be included in Tranche 3 of the programme with work due to commence in Spring 2023. The Department have set aside £85m for this three-year programme which will involve the Department undertaking diagnostic work and will require local authorities to prepare action plans in response. This sits below the 'Safety Valve' intervention programme which has seen 9 councils with some of the highest deficits receive £300m funding.

### **(c) School Funding**

North Yorkshire has benefitted from additional sparsity funding, particularly for small, rural primary schools. However, the local authority remains particularly concerned for small, rural secondary schools and although lobbying continues, the Department for Education has failed to acknowledge the pressure within the National Funding Formula. Whilst the Department has signalled that they intend to move to a 'direct' formula, where all mainstream school funding is determined by a single national formula, the local authority successfully applied to provide exceptional circumstance funding for two small secondary schools, which typifies the issue.

Secondary school and special school balances continue to show a downward projection and Notices of Financial Concern have been issued to four schools. Additional financial controls are in place in a further six schools subject to sponsored academy conversion including two schools subject to closure consultation. The local authority continues to work alongside schools to support them to develop budget recovery plans, where appropriate.

### **(d) School Improvement De-delegation**

In January 2022, the DfE confirmed that, following consultation in late-Autumn 2021, they would proceed with reforming how local authorities' school improvement functions are funded. The proposals involve a 50% reduction to the LA School Improvement Monitoring & Brokering Grant for the 2022/23 financial year, followed by full removal of the Grant in the 2023/24 financial year. Regulatory changes enabled local authorities to fund all of their school improvement activities (including core school improvement activity) via de-delegation from schools' budget shares.

The North Yorkshire Schools Forum did not reach a consensus on de-delegating funding for 2022-23 and a disapplication request to the Secretary of State was subsequently submitted and approved. The local authority have committed to undertake a review of the statutory core school improvement service delivery model for 2023/24 alongside a review of de-delegation methodologies to reflect any revisions to service provision.

### **(e) Inflationary Pressures**

Construction costs and tender prices for construction and improvement projects are a significant risk. Fuel price rises and bus driver shortages continue to challenge the delivery of the home to school transport network. In addition, a combination of factors including independent provider failure, saturation in special school places to meet the needs of children assessed as requiring an Education, Health and Care Plan, and general inflationary pressures, combine to present supply issues and additional cost pressures. The Directorate continues to respond to individual placements issues including responding to market failures to ensure appropriate high-quality care.

## 4.0 DIRECTORATE RISK REGISTER

4.1 The **Directorate Risk Register** (DRR) is the end product of a systematic process that initially identifies risk at Service Unit level and the aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks into the Corporate Risk Register.

4.2 The Risk Prioritisation System used to drive all Risk Registers across the County Council categorises risks as follows:

- **Category 1 and 2 are high risk (RED)**
- **Category 3 and 4 are medium risk (AMBER)**
- **Category 5 is low risk (GREEN)**

4.3 The DRR represents the principal risks that may materially impact on the performance and financial outcomes of the Directorate. The CYPS DRR was last reviewed in April 2022. The detailed DRR is shown at **Appendix A** and shows a range of risks and the risk reduction actions which have been put in place to minimise them. A summary of the DRR is also attached at **Appendix B**.

4.4 There are a few changes to the risk register since the last report to the Audit Committee in September 2021. The main change is as follows:

- **NEW: SEND High Needs Budget:** the LA has engaged with, and is keen to commence work on, the Delivering Better Value in SEND programme.
- **NEW: Looked After Children and those on the edge of care:** the service will work through the Professional Development academy to consolidate activities around recruitment, retention and succession planning.
- **NEW: Schools White Paper:** a new Directorate-level risk has been introduced which recognises a risk to schools and the local authority if there is an insufficient response to the White Paper implications, in supporting schools with appropriate standards, support, functions or sustainability. This reflects the issues outlined in 3.1(a). Given the recent publication of the Schools White Paper, the risk log is yet to be fully developed but initial briefings have been provided to Management Board, and the directorate leadership team with further briefings planned for Executive Members and Headteachers. A task and finish group has been established to develop the LA response to the White Paper.

4.5 Some examples of actions that have been completed or progressed in relation to particular risks since the last report to the Committee include:

- **SEND High Needs Budget:** funding delegation arrangements for individual caseworks and managers has been reviewed. Work continues to develop relationships with post-16 providers to build choice.
- **Looked After Children and those on the edge of care:** a programme of family finding training has been rolled out across all social care staff.
- **Schools Organisation and Capital Funding for Places:** the directorate has introduced a Good Estate Management for Schools (GEMS) statement on

capital delivery to ensure there is a mandate from Members for investment priorities. Visibility of demand for additional schools places has been achieved through an updated basic need programme.

- Childhood Futures: school readiness pilots have been undertaken. In conjunction with Public Health, Harrogate District Foundation Trust and CCG partners, the directorate has implemented the s75 proposal for all elements of the Healthy Child Programme (HCP).

## **5.0 RECOMMENDATION**

### **5.1 That the Committee:**

- (i) note the updated risk register for the CYPS Directorate; and
- (ii) provide feedback and comments on the CYPS Directorate Risk Register, key risk and governance issues/ developments and any other related internal control matters

Stuart Carlton  
Corporate Director – Children and Young People’s Services

Risk Register: month 6 (Apr 2022) – detailed

Next Review Due: October 2022

Report Date: 12<sup>th</sup> May 2022 (pw)

Phase 1 - Identification											
<b>Risk Number</b>	24/259	<b>Risk Title</b>	24/259 - SEND High Need Budget				<b>Risk Owner</b>	CD CYPS	<b>Manager</b>	CYPS AD Incl	
<b>Description</b>	Risk of further increased pressure on the budget given the current legislative framework, increased demand for specialist provision up to age 25 and budget reduction pressure resulting in negative impact on DSG, poor service performance and criticism.					<b>Risk Group</b>	Performance	<b>Risk Type</b>	Incl 21/23		
Phase 2 - Current Assessment											
<b>Current Control Measures</b>			Experienced team and leaders; awareness of Schools Forum; robust data available; management of out-of-authority placements spend; implementing Personal Learning Pathways; Schools Forum approved funding framework; FE network; central contracting and commissioning service; local transition groups in place; budget reviewed incl. roles and responsibilities; revised Resource Allocation System weightings; Strategic plan for SEND Education provision issued; Implemented the urgent actions from the Strategic Plan and those extra actions identified outside of the plan (eg. profile raising with schools and settings, buffering the spend across the year, reprofiling PRS and EMS); use of top up funding for children with SEN support to reduce need for stat assmnt request; approval for the transfer of part of the DSG to the High Needs Block for 2019/20;								
<b>Probability</b>	H	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	H	<b>Reputation</b>	M	<b>Category</b>	I
Phase 3 - Risk Reduction Actions											
<b>Reduction</b>	21/443 - Continue to ensure the Schools Forum is aware of the funding risks and challenges it faces					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Fri-30-Sep-22		
<b>Reduction</b>	21/444 - Continue to work towards the Strategic Plan aims of early identification of children with SEN and provision of timely support and services (included those that are jointly commissioned) to meet that need thereby reducing the requirement for more costly interventions later; capital plan near finalisation					<b>Action Manager</b>	CYPS Incl HoIE	<b>Action by</b>	Fri-30-Sep-22		
<b>Reduction</b>	21/448 - Continue to build local capacity to cope with need, undertaking the work needed to reshape SEND provision in North Yorkshire so that it is fit for purpose and addresses the gaps in provision, underpinned by the strategic plan; building a capital business case, will need Exec and Mgt board sign off (target May 22)					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Tue-31-May-22		
<b>Reduction</b>	21/452 - Reduced the funding delegation which can be authorised by officers to ensure more scrutiny of agreements; Independent review of decision making carried out; process in place now					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Wed-30-Jun-21	Thu-30-Sep-21	
<b>Reduction</b>	21/460 - Work to maintain contributions from HAS and Health on a case by case basis as part of the new transitions process; good case by case work being carried out					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Fri-30-Sep-22		
<b>Reduction</b>	21/484 - Continue to embed the use of the funding template to better understand and challenge the costs of out of county placements; ongoing work with support from procurement to challenge on a place by place basis; action plan in place to develop staff contract mgt skills; Quality in Practice model pulling together all elements of QA – SEND, Hubs and DCS					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Fri-30-Sep-22		
<b>Reduction</b>	21/519 - Continue to progress the good work with partners to build choice at post 16 and post 19; progress made but ongoing work					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Sat-30-Sep-23		
<b>Reduction</b>	21/659 - Embed and review the new funding model for the PRS					<b>Action Manager</b>	CYPS AD Incl	<b>Action by</b>	Sat-31-Jul-21	Sat-31-Jul-21	
<b>Reduction</b>	21/660 - Work with finance to produce a DSG deficit management action plan and share with Schools Forum; plan published and is being reviewed but work will be ongoing					<b>Action Manager</b>	CSD AD SR (HE) CYPS AD Incl	<b>Action by</b>	Fri-30-Sep-22		



## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

<b>Reduction</b>	21/664 - Embed and review the targeted mainstream provision that replace the EMS model; nine provisions established this year; about to embark on a further campaign to attract	CYPS AD Incl	Fri-30-Sep-22								
<b>Reduction</b>	21/703 - Take part in SEND Better Value Programme starting June 2022	CYPS AD Incl	Tue-31-Dec-24								
<b>Reduction</b>	21/990 - Continue active engagement at a regional and national level into the SEN funding changes and their impact (Government announcement early September to increase funding for SEND. Awaiting information on the impact for North Yorkshire High Needs Block); received in part some aspects around procurement and national review of special schools	CYPS AD Incl	Fri-30-Sep-22								
<b>Reduction</b>	24/571 - Ensure that service dashboards reflect the criteria for each of the key inspection areas and are monitored on a regular basis; Ed & Skills dashboard being pulled together	CYPS AD C&F CYPS AD E&S CYPS AD Incl	Fri-30-Sep-22								
<b>Reduction</b>	24/1179 - Ensure pre inspection readiness within CYPS for the inspections of LA services, and for schools within the inspection window by continual monitoring of performance and identifying areas for further improvement by assessing their impact (ongoing); dashboards will help improve this area	CSD AD SR (HE) CYPS AD C&F CYPS AD E&S CYPS AD Incl	Fri-30-Sep-22								
<b>Phase 4 - Post Risk Reduction Assessment</b>											
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	H	<b>Reputation</b>	M	<b>Category</b>	2
<b>Phase 5 - Fallback Plan</b>											
<b>Fallback Plan</b>	21/212 - Redirection of resources from areas that have achieved savings									<b>Action Manager</b>	
										CYPS AD Incl	

D596145

## CYPs Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification												
<b>Risk Number</b>	24/27	<b>Risk Title</b>	24/27 - Children in care and those on the edge of care					<b>Risk Owner</b>	CD CYPs		<b>Manager</b>	CYPs AD C&F
<b>Description</b>	Failure to ensure that arrangements for children in care and those on the edge of care provide sufficient support for those with multiple and complex needs (including work on step down from Tier 4 cases and those not receiving 25 hours of education); that the service supports the regionalised adoption service; and ensures sufficient foster carers are recruited; all this in the light of current economic uncertainty, increased costs and workforce pressures (including Covid related absences) failure to do so results in poorer outcomes for young people, the need for high cost interventions/placements and reputational damage						<b>Risk Group</b>	Performance		<b>Risk Type</b>	C&F 22/181	
Phase 2 - Current Assessment												
<b>Current Control Measures</b>			Placement, permanence and complex decision making forum; monitoring of external placements; Young people's accom strategy; Financial scrutiny; enhanced CYPLT scrutiny; monitoring of permanency planning; maximise use of adoption and SGO; foster carer recruitment campaign; independent identification of foster carer training needs; support from Outreach service considered; CYPs 2020 Programme; commissioning strategy; F&F policy embedded; effective budget monitoring; Permanence Strategy; Adoption and Fostering Strategy; exceptional placement panel chaired by Dir; pooled budget; national innovation programme No Wrong Door; complex needs pathway; short breaks guidance; unaccompanied asylum seekers pathway reviewed, procedures in place including agreed Home Office funding; commissioning and contract teams processes reviewed; pathways for step down from tier 4 developed; clinicians in prevention, social work, children in care and leaving care teams; new assessment tool for foster carers piloted; interpretation services including for asylum seekers in place; Family Finding training rolled out; delivery of systemic practice across the service; network meetings always take place prior to any children in care admissions									
<b>Probability</b>	H	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	I	
Phase 3 - Risk Reduction Actions												
<b>Reduction</b>	22/271 - Continue to provide sufficiency of placements action plan in place to recruit more carers and increase assessment capacity with frontline students and additional hours to other social work staff (service to remain in budget)						<b>Action Manager</b>	CYPs C&F HoRes		<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>
<b>Reduction</b>	22/272 - Target recruitment for unrelated foster carers to ensure we have sufficient in house foster carers to meet changes in demand; re-established links with Corporate Comms at HoS level and reviewing the Comms plan, progressing virtual options for this						<b>Action Manager</b>	CYPs C&F HoRes		<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>
<b>Reduction</b>	22/274 - Continue to monitor and seek to strengthen the challenge to drift in children and young people's care plans; weekly discharge forum has been stood down and replaced with additional meetings targeting effective care planning and discharge planning as well as assuring ourselves that permanence plans are progressed in a timely way; care proceeding meetings take place, oversight by IRO						<b>Action Manager</b>	CYPs C&F HoCP&FR		<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>
<b>Reduction</b>	22/478 - Continue work around accommodation for young people leaving custody; resettlement panel continues and has made some progress, ongoing work is required with the magistrates to ensure custody is always avoided; further work has now been completed with the courts clerk and magistrates; challenge remains that finding appropriate accommodation for young people continues to be difficult; bespoke packages of care are arranged as needed via NWD						<b>Action Manager</b>	CYPs C&F HoRes		<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>
<b>Reduction</b>	22/534 - Continue to review all children in care cases to consider discharge options via the Discharge Review Forum; monthly permanence and matching monitoring takes place for children in line with Ofsted guidance						<b>Action Manager</b>	CYPs C&F HoCP&FR		<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>

## CYPs Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

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<b>Reduction</b>	22/635 - Develop a better understanding of why foster carers are de-registering from care & embed strategies to prevent this; monitored through Q reporting and have clearer understanding of why people leave; report on exit interviews has been produced and this will be incorporated into the recruitment action plan.	CYPs C&F HoRes	Thu-30-Sep-21	Thu-30-Sep-21							
<b>Reduction</b>	22/681 - Work through the Professional Development Academy to consolidate activities around recruitment, retention and succession planning for the whole service	CYPs C&F HoEP (PiP)	Fri-30-Sep-22								
<b>Reduction</b>	22/688 - Ensure we are recruiting sufficient suitably experienced staff to NWD hubs	CYPs C&F HoRes	Fri-30-Sep-22								
<b>Reduction</b>	22/689 - Continue rolling recruitment campaign supported by resourcing solutions to mitigate against retention issues	CYPs C&F HoCP&FR	Fri-30-Sep-22								
<b>Reduction</b>	22/1092 - Continue to explore and embed alternative models in relation to those not receiving 25 hours of education including implementation of strategic SAFE priorities	CYPs AD C&F	Fri-30-Sep-22								
<b>Phase 4 - Post Risk Reduction Assessment</b>											
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	2
<b>Phase 5 - Fallback Plan</b>											
<b>Fallback Plan</b>	24/245 - Increase reliance on commercial market to meet supply and demand									<b>Action Manager</b>	CYPs AD C&F

## CYPs Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

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Phase 1 - Identification											
<b>Risk Number</b>	24/211	<b>Risk Title</b>	24/211 - Schools Organisation and Capital Funding for places				<b>Risk Owner</b>	CD CYPs	<b>Manager</b>	CSD AD SR (HE) CYPs AD E&S	
<b>Description</b>	Failure to assess and manage the combined effects of changes in the national school policy and capital funding for places framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the County Council as local authority.					<b>Risk Group</b>	Strategic	<b>Risk Type</b>	E&S 27/170		
Phase 2 - Current Assessment											
<b>Current Control Measures</b>			Consistent monitoring of forecast numbers. Links with District Councils and developers over major housing developments (including IDSG work). Cross-directorate Team Around the School approach. Work with the Education Partnership, Keep up to date with current publications, email, etc. Reg review of DfE and other critical websites. Liaison with other LAs. Early assessment of resource implications on new development. Advocacy of NYCC case for funding, new procedures for grant & award acceptance, involvement in appropriate national conferences, participation in DfE priorities when possible, collaboration guidance and toolkit, review of planning areas to explore the level of need; framework for prioritisation of school organisation issues, briefings provided for elected Members and NY Education Partnership; involvement with White Paper strategic board; liaison with Education Funding Agency (EFA), DfE and Regional Schools Commissioner (RSC); Approach implemented to ensure that schools are financially sustainable in the medium-term; GEMS statement; updated Basic Need programme updated								
<b>Probability</b>	H	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	H	<b>Reputation</b>	H	<b>Category</b>	I
Phase 3 - Risk Reduction Actions											
<b>Reduction</b>	24/209 - Continue to work with and use effective lobbying channels to achieve a fairer funding outcome for North Yorkshire on both revenue and capital eg Educational Building and Development Officers Group (EBDOG)	<b>Action Manager</b>	CSD AD SR (HE) CYPs AD E&S	<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>					
<b>Reduction</b>	24/1151 - Continue arrangements to co-ordinate support for the process of academisation, to ensure smooth transfer of schools.	<b>Action Manager</b>	CYPs AD E&S	<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>					
<b>Reduction</b>	24/1204 - Continue to encourage, support and build capacity to enable schools to work collaboratively to seek to ensure continued viability and financial sustainability with a small and rural school focus	<b>Action Manager</b>	CSD AD SR (HE) CYPs AD E&S	<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>					
<b>Reduction</b>	27/318 - Continue to work with Schools where increasing the physical capacity is required to meet the need for increased provision in early years, mainstream or high needs.	<b>Action Manager</b>	CSD AD SR (HE) CYPs AD E&S	<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>					
<b>Reduction</b>	27/617 - Continue to lobby the district and borough councils to implement the July 2020 NYCC July 2020 policy as their own	<b>Action Manager</b>	CYPs AD E&S	<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>					
<b>Reduction</b>	27/650 - Introduce a Good Estate Management for Schools (GEMS) statement on capital delivery to ensure we have mandate from members for our investment priorities; GEMS statement completed and will go to for sign off on 19th April Approved by Executive	<b>Action Manager</b>	CYPs AD E&S	<b>Action by</b>	Thu-31-Mar-22	<b>Completed</b>	Thu-31-Mar-22				
<b>Reduction</b>	27/657 - Ensure visibility of demand for additional school places through presentation of an updated basic need programme to executive. Completed	<b>Action Manager</b>	CYPs AD E&S	<b>Action by</b>	Thu-31-Mar-22	<b>Completed</b>	Tue-15-Mar-22				
<b>Reduction</b>	28/454 - Ensure consistent approach corporately to infrastructure funding, including CIL; ongoing established groups through the IDSG approach	<b>Action Manager</b>	CYPs AD E&S	<b>Action by</b>	Fri-30-Sep-22	<b>Completed</b>					

## CYPs Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

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<b>Reduction</b>	28/1428 - Continual review of the estate including maintenance requirement (ongoing)	CSD AD SR (HE)	Fri-30-Sep-22								
<b>Reduction</b>	28/1432 - Exploit alternative sources of funding for the delivery of new school spaces and encourage free school applications where appropriate and available	CSD AD SR (HE) CYPs AD E&S	Fri-30-Sep-22								
<b>Reduction</b>	28/1444 - Maintain constructive relationships with the Regional Schools Commissioner through regular meetings and receive their practical support	CYPs AD E&S	Fri-30-Sep-22								
<b>Reduction</b>	28/1445 - Work with the Property team to mitigate risks to deliver the 2021/2022 capital plans to ensure school place sufficiency and no depreciation of the estate. Mindful of additional uncertainty caused by eg. Covid and their potential impact on supply chain stability and costs.	CYPs AD E&S	Fri-30-Sep-22								
<b>Phase 4 - Post Risk Reduction Assessment</b>											
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	H	<b>Reputation</b>	H	<b>Category</b>	2
<b>Phase 5 - Fallback Plan</b>											
										<b>Action Manager</b>	
<b>Fallback Plan</b>	28/300 - Fundamental review of school organisation, increased intervention in schools, increased withdrawal of financial delegation, imposition of Interim Executive Boards to replace Governing Bodies,										CYPs AD E&S

## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

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Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification											
<b>Risk Number</b>	24/277	<b>Risk Title</b>	24/277 - Schools Funding Challenges				<b>Risk Owner</b>	Chief Exec	<b>Manager</b>	CD CYPS	
<b>Description</b>	Inadequate revenue and capital funding available for good quality schools, maintenance of school infrastructure and to ensure the sustainability of small rural schools in particular small secondary schools; poor financial management or failure to act in a timely manner by governors/head teachers DfE impose further restrictions on LA financial freedoms, results in potential accumulated deficits. Lack of investment in special provision such as special schools results in potential increased costs.					<b>Risk Group</b>	Resources	<b>Risk Type</b>			
Phase 2 - Current Assessment											
<b>Current Control Measures</b>			Support challenge and intervention framework in place; survey of all schools to benchmark their position on issues such as staff reduction, increased class sizes and commercial activities; licence to deficits; recovery plans, financial benchmarking; primary and secondary finance conferences; individual discussions with schools; Schools Forum engagement; governor briefings; Lobbying of Govt and MPs regarding schools' financial position carried out; outcome of schools survey benchmarking at Schools Forum completed, encourage a larger take-up for a further regional survey in order to provide 'real' information to Govt; continual engagement with Ministers and in consultations;								
<b>Probability</b>	H	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	H	<b>Reputation</b>	H	<b>Category</b>	1
Phase 3 - Risk Reduction Actions											
							<b>Action Manager</b>	<b>Action by</b>	<b>Completed</b>		
<b>Reduction</b>	24/416 - Ensure regular monitoring at management board and CYPS Overview and scrutiny committee of financial challenges for schools to highlight the present financial position to ensure immediate and emerging challenges are addressed. (ongoing)						CD CYPS CSD AD SR (HE)	Sun-31- Jul-22			
<b>Reduction</b>	24/563 - Continue to lobby Ministers, local MP and through F40 Group (ongoing)						CD CYPS	Sun-31- Jul-22			
<b>Reduction</b>	24/574 - Continue to deploy finance staff into schools with the biggest financial challenges to undertake financial consultancy to ensure schools balance their budget within 3 years. Commission and undertake SRMA deployments for North Yorkshire LA maintained schools.						CSD AD SR (HE)	Fri-30- Sep-22			
<b>Reduction</b>	24/641 - Embed an approach to integrated curriculum and financial planning and support and encourage collaboration and federation. Explore further collaboration opportunities for schools to achieve efficiencies.						CSD AD SR (HE)	Fri-30- Sep-22			
<b>Reduction</b>	24/1152 - Develop a business case (in final consultation Mar 2020) for special provision across the County to ensure value for money						CSD AD SR (HE) CYPS AD Incl	Sat-31- Dec-22			
<b>Reduction</b>	24/1182 - Implement outcome of review of special provision						CSD AD SR (HE) CYPS AD Incl	Fri-31- Mar-23			
Phase 4 - Post Risk Reduction Assessment											
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	H	<b>Reputation</b>	H	<b>Category</b>	2

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CYPS Directorate

Risk Register: month 6 (Apr 2022) – detailed  
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Phase 5 - Fallback Plan		Action Manager
Fallback Plan	24/562 - Consider Schools reorganisation and financially sustainable educational arrangements	CD CYPS

## CYPS Directorate

Risk Register: month 6 (Apr 2022) – detailed

Next Review Due: October 2022

Report Date: 12<sup>th</sup> May 2022 (pw)

Phase 1 - Identification											
<b>Risk Number</b>	24/276	<b>Risk Title</b>	24/276 - Childhood Futures				<b>Risk Owner</b>	CD CYPS		<b>Manager</b>	CYPS AD Incl
<b>Description</b>	Failure to deliver the Childhood Futures strategic partnership arrangements, re-aligning and joining together several essential services for children and families into a brand-new integrated services model working collaboratively with CYPS services, health partners and communities to improve the health and wellbeing of children and families, failure would result in poorer outcomes on health and school readiness and missed opportunities to tackle cost					<b>Risk Group</b>	Contracts/Performance		<b>Risk Type</b>	E&S 27/265	
Phase 2 - Current Assessment											
<b>Current Control Measures</b>			Healthy Child Programme (HCP) s75 agreement in place; HP2 theme as part of transformation programme; Being Young in North Yorkshire published; Childhood Futures board established; CF scope, vision and priorities reviewed; school readiness zone pilot; HCP s75; Emotional Health and Wellbeing services commissioned								
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	H	<b>Reputation</b>	M	<b>Category</b>	2
Phase 3 - Risk Reduction Actions											
						<b>Action Manager</b>	<b>Action by</b>	<b>Completed</b>			
<b>Reduction</b>	21/605	Some workstreams agreed but still need to develop the full work programme including data matching and understanding of support needs				CYPS Comm Mgr Health	Fri-30-Sep-22				
<b>Reduction</b>	21/606	Pilot school readiness zones; relaunched in July 2020 including a number of smaller projects in the two areas; evaluation report being reviewed				CYPS Comm Mgr Health	Sat-31-Jul-21	Thu-30-Sep-21			
<b>Reduction</b>	21/630	Develop and obtain approval for the s75 proposal for all elements of HCP post Apr 2021 including appropriate governance arrangements; was paused due to Covid-19 and governance issues but now in development with legal services				CYPS Comm Mgr Health	Sat-31-Jul-21	Sat-31-Jul-21			
<b>Reduction</b>	21/661	Ensure effective use of data to better predict risk and identify earlier those children and families that may need early support and a multi agency response				CYPS Comm Mgr Health	Fri-30-Sep-22				
<b>Reduction</b>	21/663	Working with CCGs and TEWV to commission Emotional Health and Wellbeing services; the s75 is being worked up and consultation will take place through autumn/winter 2021 - done				CYPS Comm Mgr Health	Thu-31-Mar-22	Thu-31-Mar-22			
<b>Reduction</b>	24/642	Outcome of the review of CHC arrangements for the needs of SEND children with Health on hold during pandemic, action plan to be developed and implemented				CSD AD SR (HE) CYPS AD Incl	Fri-30-Sep-22				
Phase 4 - Post Risk Reduction Assessment											
<b>Probability</b>	L	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	H	<b>Reputation</b>	H	<b>Category</b>	3
Phase 5 - Fallback Plan											
<b>Fallback Plan</b>	21/569 - Individual services affected would be subject to open market exercise									<b>Action Manager</b>	CYPS Comm Mgr Health



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Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification											
<b>Risk Number</b>	24/250	<b>Risk Title</b>	24/250 - Safeguarding Arrangements				<b>Risk Owner</b>	CD CYPS	<b>Manager</b>	CYPS AD C&F	
<b>Description</b>	Failure to have a robust approach to Safeguarding in place results in risk to vulnerable children and families and not protecting them from harm.					<b>Risk Group</b>	Safeguarding	<b>Risk Type</b>	C&F 22/252		
Phase 2 - Current Assessment											
<b>Current Control Measures</b>		North Yorkshire Safeguarding Children Partnership website; regularly reviewed procedures; monthly performance data for monitoring; audit regime; manager authorisation of all assessments; LCS; missing and at risk of exploitation multi-agency procedures and Specialist Social Worker roles to support practitioners ; training strategy; clear supervision process which is audited on a regular basis; Multi Agency Screening Team (MAST); OFSTED 'outstanding' categorisation; Mgt file audit of case files; monitoring and management of performance against agreed targets in the SMT action plan; Front Door Health Check completed by peer authority; Hidden Harm Group									
<b>Probability</b>	M	<b>Objectives</b>	H	<b>Financial</b>	H	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	2
Phase 3 - Risk Reduction Actions											
							<b>Action Manager</b>	<b>Action by</b>	<b>Completed</b>		
<b>Reduction</b>	22/407 - Continuation of 'Practice Weeks' where managers will visit locations to observe and review practice; these are now in place and teams will to be involved in the planning to make these more effective; regular QA board reviews this activity and ensures plans are in place where required						CYPS C&F SMT	Fri-30-Sep-22			
<b>Reduction</b>	22/645 - Develop contingency plans around the MAST to provide support should demand increase; contingences were put in place but have not been needed to date						CYPS C&F Snr HoS	Fri-30-Sep-22			
<b>Reduction</b>	22/1079 - Use and further development of performance dashboards to support individual managers including development of managing upwards reports which support management and ownership of performance; ; a number of SG dashboards are used by team managers and there is a monthly performance board; a "single view" dashboard is being worked towards						CYPS C&F Snr HoS	Sun-30-Apr-23			
<b>Reduction</b>	24/431 - Continue to ensure compliance with Children and Families' and Partnership's procedures						CYPS AD C&F	Fri-30-Sep-22			
<b>Reduction</b>	24/433 - Formulation of Group Manager and Specialist Social Workers to oversee and support practice in relation to Contextual Safeguarding						CYPS C&F Snr HoS	Thu-30-Sep-21	Thu-30-Sep-21		
<b>Reduction</b>	24/434 - Manage the risk that as children, young people and their families are not seen by their networks and professionals they would usually have contact with due to restrictions; back to BAU as far as visits to families etc; Locality Groups in place for those not in 25 hours of education.						CYPS C&F Snr HoS	Fri-30-Sep-22			
<b>Reduction</b>	24/571 - Ensure that service dashboards reflect the criteria for each of the key inspection areas and are monitored on a regular basis; Ed & Skills dashboard being pulled together						CYPS AD C&F CYPS AD E&S CYPS AD Incl	Fri-30-Sep-22			
<b>Reduction</b>	24/1162 - Continue to feed into review of EDT arrangements (adult lead) as required; project group being set up to progress actions from recent review						CYPS AD C&F	Fri-30-Sep-22			
<b>Reduction</b>	24/1179 - Ensure pre inspection readiness within CYPS for the inspections of LA services, and for schools within the inspection window by continual monitoring of performance and identifying areas for further improvement by assessing their impact (ongoing); dashboards will help improve this area						CSD AD SR (HE) CYPS AD C&F CYPS AD E&S CYPS AD Incl	Fri-30-Sep-22			

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Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	H	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
										<b>Action Manager</b>	
<b>Fallback Plan</b>	24/252 - Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews									CD CYPS	

## CYPS Directorate

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Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification											
Risk Number	24/213	Risk Title	24/213 - Change Programmes				Risk Owner	CD CYPS	Manager	CSD AD SR (HE)	
Description	Failure to maintain a strong change culture, processes and supporting capacity within CYPS to deliver transformational change such as post Covid new ways of working, Local Government Reorganisation and the existing NY Transformation Programme, together with the delivery of savings targets and addressing national funding and policy changes, resulting in lack of the right capacity at the right time, demand pressures, bottlenecks, inability to plan and overspending.					Risk Group	Financial	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Strong platform for Workforce development including culture around innovation and change; leadership capacity and experience in place; regular review and restructures carried out when necessary; ability to address further challenges relating to changes in policy; authority well engaged and connected to national agenda and therefore better placed to be proactive in positive planning; previous experience of successful delivery of financial challenges faced; strong collaborative working with colleagues such as Finance, Performance and HR; monitoring of the overall CYPS & Organisational OD requirements via Programme managers & NY2020 Operational Group; direct involvement of ADs with NY Transformation Programme work strands; detailed financial planning; cost budget monitoring based on risk assessment of all service areas; collective responsibility for budget; training of budget managers and support staff; guidance materials; maximum use of technology enhanced procurement profile; data system review; forward procurement plan regularly reviewed; Business Partner approach adopted to ensure service decisions include a full assessment of financial implications; consider and respond to any issues arising from the Staff Surveys;								
Probability	M	Objectives	M	Financial	H	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
Reduction	24/312 - Maintain leadership of programme and project activity and ensure regular monitoring and report to CYPLT of progress on all NY Transformation Programme work; ensure regular scheduled reviews of Directorate resource requirements to support programme takes place; ensure link to planning of workforce capacity to meet the changing context (ongoing)					Action Manager	CD CYPS CYPs Prog Board	Action by	Fri-30-Sep-22	Completed	
Reduction	24/414 - Engage and continue to deliver the transformational programmes across the directorate and ensure managers have the right skills, attitude and technology for delivering services (ongoing)					Action Manager	CYPS HoHR	Action by	Fri-30-Sep-22	Completed	
Reduction	24/1000 - Retain focus on budgetary high risk areas of concern for monitoring processes and systems including projects with temporary funding (ongoing)					Action Manager	CSD AD SR (HE) CSD SR HoFP	Action by	Fri-30-Sep-22	Completed	
Reduction	24/1146 - Ensure strong continued budget management by staff at all levels within the Directorate and encourage use of budget management tools including e forecasting (ongoing).					Action Manager	CSD AD SR (HE)	Action by	Fri-30-Sep-22	Completed	
Reduction	24/1149 - Ensure effective engagement in the LGR change programme					Action Manager	CYPS LT	Action by	Fri-30-Sep-22	Completed	
Reduction	24/1187 - Consider and respond to any issues arising from the Staff Survey 2021 together with post Covid new ways of working requirements					Action Manager	CYPS LT	Action by	Fri-30-Sep-22	Completed	Fri-31-Dec-21
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	H	Reputation	M	Category	3

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## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 5 - Fallback Plan	
	Action Manager
<b>Fallback Plan</b>	24/246 - Re-prioritise CYPS Spending plans and strategic approaches CYPS LT

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Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification											
<b>Risk Number</b>	24/178	<b>Risk Title</b>	24/178 - Information Governance and Health and Safety - Health and Safety part under review				<b>Risk Owner</b>	Chief Exec	<b>Manager</b>	CD CYPS	
<b>Description</b>	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate resulting in potential Corporate Manslaughter, increased cost/claims, fines/prosecution, criticism and damage to the Council's reputation.					<b>Risk Group</b>	Legislative	<b>Risk Type</b>			
Phase 2 - Current Assessment											
<b>Current Control Measures</b>		Info Gov: Issues, concerns, major breaches discussed at CYPS Leadership Team; quarterly information governance reports presented to CYPS Leadership Team, CYPS Risk Management Group established where reports and updates are presented to Service Group reps; Assistant Directors raising profile at SMT meetings; review of hard copy communications undertaken, double checking process for outgoing sensitive mail, move to secure electronic communications where possible; Strategic Support data governance team; DPIAs in place; CYPS privacy notice completed and published; mandatory data protection training as part of induction process for new starters and all staff complete updated training when required; H&S: Policy docs; Training; Personnel initiatives; Monitoring systems (inc curriculum); guidance documents; financial investment (e.g. asbestos fund); designated staff; traded service with schools; Conditions survey; Educational visits database; Under Review H&S advice at briefing stage; tech fire audits; legionella monitoring; Radon monitoring and mitigation; glazing filming; HANDS newsletter; health and safety inspections of live construction sites; directorate and schools RM action plans; monthly meeting between AD and H&S manager; all strat planning staff trained in construction site safety; schools emergency response guide reissued 2016; Directorate level risk management action plan; thorough reporting and investigation of accidents and incidents; 'incident news' newsletter; revised asbestos guidance High Risk areas: Performance management systems; risk reduction procedures in conjunction with HANDS; designated staff; guidance and training for those staff; continuing work with Outdoor Learning Service on Health and Safety; OL centres independent Bi-annual inspection and accreditation by AALA and LOTC Gold standard; use of external consultants; single head of Outdoor Learning Service; safeguarding advice provided to schools; review of planning and accountability in OLS carried out; half termly visits to both OL centres; unannounced visits for outdoor learning activities; themed audits of high risk areas; refreshed AD led Directorate risk management group									
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	2
Phase 3 - Risk Reduction Actions											
							<b>Action Manager</b>	<b>Action by</b>	<b>Completed</b>		
<b>Reduction</b>	24/359 - Work closely with the Data Governance team in Strategic Support (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			
<b>Reduction</b>	24/474 - Continue to review and update the information asset registers in line with policy guidelines (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			
<b>Reduction</b>	24/476 - Implement new and / or revised information governance actions agreed at Corp Info Gov Group as appropriate for the Directorate (ongoing) (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			
<b>Reduction</b>	24/500 - Continue work on converting paper based communications to electronic communications (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			
<b>Reduction</b>	24/560 - Continue to complete Data Protection Impact Assessments (DPIA) for any changes to processes or implementation of new systems. (ongoing) (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			
<b>Reduction</b>	24/561 - Continue to complete Information Sharing Agreements when sharing data externally (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			
<b>Reduction</b>	24/1150 - Continue to report breaches immediately, investigate all information breaches thoroughly and take action against individuals as appropriate. (Info Gov)						CYPS CYPLT	Mon-31-Oct-22			

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## CYPs Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

<b>Reduction</b>	24/1189 - Develop and implement a reviewed and revised Health and Safety action plan; working with H&S to develop a draft for review at CYPs RM Group Jun 2022 (H&S)					CYPs AD E&S	Mon-31-Oct-22				
<b>Phase 4 - Post Risk Reduction Assessment</b>											
<b>Probability</b>	L	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	3
<b>Phase 5 - Fallback Plan</b>											
<b>Fallback Plan</b>	24/527 - Info Gov: More rigorous intensive information governance training for staff & following ICO procedures. H&S: Review processes and procedures and potentially stop risk taking activities									<b>Action Manager</b>	
										CD CYPs	

## CYPs Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification											
<b>Risk Number</b>	24/249	<b>Risk Title</b>	24/249 - Educational Outcomes				<b>Risk Owner</b>	CD CYPs	<b>Manager</b>	CYPs AD E&S	
<b>Description</b>	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding, given the current Covid pressures and lack of 2020 data, results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.					<b>Risk Group</b>	Performance	<b>Risk Type</b>	E&S 27/19		
Phase 2 - Current Assessment											
<b>Current Control Measures</b>			Detailed analysis of data; annual performance review and target settings with schools including team around the school (categorisation); effective targeted intervention; School Improvement strategy including monitoring groups for vulnerable children; alternative models of school leadership including mergers and federations; locality boards developed and the North Yorkshire Learning Trust to be established;								
<b>Probability</b>	M	<b>Objectives</b>	M	<b>Financial</b>	M	<b>Services</b>	L	<b>Reputation</b>	H	<b>Category</b>	2
Phase 3 - Risk Reduction Actions											
							<b>Action Manager</b>	<b>Action by</b>	<b>Completed</b>		
<b>Reduction</b>	24/428 - Working together through locality boards and develop the North Yorkshire Learning Trust; all locality boards are up and running with action plans, work has begun on the approved provider list						CYPs AD E&S	Fri-30-Sep-22			
<b>Reduction</b>	24/430 - Continue to implement plans to further improve Children in Care educational outcomes particularly with the focus on progress – ongoing						CYPs Virtual School Head	Fri-30-Sep-22			
<b>Reduction</b>	24/571 - Ensure that service dashboards reflect the criteria for each of the key inspection areas and are monitored on a regular basis; Ed & Skills dashboard being pulled together						CYPs AD C&F CYPs AD E&S CYPs AD Incl	Fri-30-Sep-22			
<b>Reduction</b>	24/1179 - Ensure pre inspection readiness within CYPs for the inspections of LA services, and for schools within the inspection window by continual monitoring of performance and identifying areas for further improvement by assessing their impact (ongoing); dashboards will help improve this area						CSD AD SR (HE) CYPs AD C&F CYPs AD E&S CYPs AD Incl	Fri-30-Sep-22			
<b>Reduction</b>	24/1185 - Continue to develop and implement the approach to the 'Scarborough Opportunity Area' which builds on the 'Scarborough Pledge' and collaboratively challenges underachievement; working towards sustainable approaches to those projects that have delivered most impact; will be integrated into Childhood Futures board						CD CYPs	Fri-30-Sep-22			
<b>Reduction</b>	27/401 - Re-establish partnership work under the LEP umbrella to establish stronger links with HE, FE, colleges, businesses and employers through the skills agenda; stronger links developed, appropriate representation on NEET forums and prioritised within the council						CYPs AD E&S	Fri-30-Sep-22			
<b>Reduction</b>	27/618 - Ensure we implement a clear, rigorous QA process for all school improvement activity including where partners have been commissioned to deliver support within TSA and NLE, setting the standards and recording and evaluation protocols to be adhered to; have set up an internal QA process for the School Improvement team						CYPs AD E&S	Fri-30-Sep-22			
<b>Reduction</b>	27/658 - Review the performance of small schools and develop best practice approaches; small school network developed and principal advisor appointed, training offer to be developed; increased allocation of core improvement activity; small school strategy group incl financial and strategic planning have developed an engagement framework for small schools						CYPs AD E&S	Fri-30-Sep-22			

## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

<b>Reduction</b>	27/1372 - Continue the evaluation of the school improvement service to ensure it remains fit for need; restructure was implemented from Jan 2020; PIR has taken place and a report will be taken to CYPLT in June 2021; improvement report signed off and conclusions will inform practice moving forward; new school improvement strategy being implemented from Sep 21	CYPS AD E&S	Fri-30-Sep-22	
<b>Reduction</b>	27/1390 - Continue to work with colleagues across CYPS and key stakeholders to ensure that there is a strategic approach to early years and development of approaches that deliver significant impact through Childhood Futures	CYPS AD E&S	Fri-30-Sep-22	
<b>Phase 4 - Post Risk Reduction Assessment</b>				
<b>Probability</b>	L	<b>Objectives</b>	M	<b>Financial</b>
			M	<b>Services</b>
			L	<b>Reputation</b>
			H	<b>Category</b>
				3
<b>Phase 5 - Fallback Plan</b>				
				<b>Action Manager</b>
<b>Fallback Plan</b>	24/560 - Continually review via internal mechanisms and the new NY Education Partnership and challenge Programmes and Strategies in order to ensure better educational outcomes			CD CYPS



## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – detailed**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Phase 1 - Identification											
<b>Risk Number</b>	24/280	<b>Risk Title</b>	24/280 - Schools White Paper - "To Be Developed"					<b>Risk Owner</b>	CD CYPS	<b>Manager</b>	CYPS AD E&S
<b>Description</b>	Failure to manage the response to the implications in the Schools White Paper resulting in inability to effectively support schools with appropriate standards, support, functions and sustainability; poor staff morale						<b>Risk Group</b>	Legislative	<b>Risk Type</b>		
Phase 2 - Current Assessment											
<b>Current Control Measures</b>			Schools White Paper								
<b>Probability</b>	L	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	3
Phase 3 - Risk Reduction Actions											
							<b>Action Manager</b>	<b>Action by</b>	<b>Completed</b>		
<b>Reduction</b>	24/524 - Establish a task and finish group to develop the LA's framework for a response						CYPS AD E&S	Thu-30-Jun-22			
<b>Reduction</b>	24/525 - Develop an action plan based on engagement with key stakeholders (schools, trusts, senior management and elected members)						CYPS AD E&S				
Phase 4 - Post Risk Reduction Assessment											
<b>Probability</b>	L	<b>Objectives</b>	M	<b>Financial</b>	H	<b>Services</b>	M	<b>Reputation</b>	H	<b>Category</b>	3
Phase 5 - Fallback Plan											
									<b>Action Manager</b>		
<b>Fallback Plan</b>											

Risk Register: month 6 (Apr 2022) – summary

Next Review Due: October 2022

Report Date: 12<sup>th</sup> May 2022 (pw)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	24/259 - SEND High Need Budget	Risk of further increased pressure on the budget given the current legislative framework, increased demand for specialist provision up to age 25 and budget reduction pressure resulting in negative impact on DSG, poor service performance and criticism.	CD CYPS	CYPS AD Incl	H	M	H	H	M	1	14	31/05/2022	M	M	M	H	M	2	Y	CYPS AD Incl
▶	24/27 - Children in care and those on the edge of care	Failure to ensure that arrangements for children in care and those on the edge of care provide sufficient support for those with multiple and complex needs (including work on step down from Tier 4 cases and those not receiving 25 hours of education); that the service supports the regionalised adoption service; and ensures sufficient foster carers are recruited; all this in the light of current economic uncertainty, increased costs and workforce pressures (including Covid related absences) failure to do so results in poorer outcomes for young people, the need for high cost interventions/placements and reputational damage	CD CYPS	CYPS AD C&F	H	M	H	M	H	1	10	30/09/2022	M	M	H	M	H	2	Y	CYPS AD C&F
◀▶	24/211 - Schools Organisation and Capital Funding for places	Failure to assess and manage the combined effects of changes in the national school policy and capital funding for places framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the County Council as local authority.	CD CYPS	CSD AD SR (HE) CYPS AD E&S	H	M	M	H	H	1	12	30/09/2022	M	M	M	H	H	2	Y	CYPS AD E&S
◀▶	24/277 - Schools Funding Challenges	Inadequate revenue and capital funding available for good quality schools, maintenance of school infrastructure and to ensure the sustainability of small rural schools in particular small secondary schools; poor financial management or failure to act in a timely manner by governors/head teachers DFE impose further restrictions on LA financial freedoms, results in potential accumulated deficits. Lack of investment in special provision such as special schools results in potential increased costs.	Chief Exec	CD CYPS	H	M	M	H	H	1	6	31/07/2022	M	M	M	H	H	2	Y	CD CYPS

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## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – summary**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	<b>24/276 - Childhood Futures</b>	Failure to deliver the Childhood Futures strategic partnership arrangements, re-aligning and joining together several essential services for children and families into a brand-new integrated services model working collaboratively with CYPS services, health partners and communities to improve the health and wellbeing of children and families, failure would result in poorer outcomes on health and school readiness and missed opportunities to tackle cost	CD CYPS	CYPS AD Incl	M	M	H	H	M	2	6	30/09/2022	L	M	M	H	H	3	Y	CYPS Comm Mgr Health
◀▶	<b>24/250 - Safeguarding Arrangements</b>	Failure to have a robust approach to Safeguarding in place results in risk to vulnerable children and families and not protecting them from harm.	CD CYPS	CYPS AD C&F	M	H	H	M	H	2	9	30/09/2022	L	H	H	M	H	3	Y	CD CYPS
◀▶	<b>24/213 - Change Programmes</b>	Failure to maintain a strong change culture, processes and supporting capacity within CYPS to deliver transformational change such as post Covid new ways of working, Local Government Reorganisation and the existing NY Transformation Programme, together with the delivery of savings targets and addressing national funding and policy changes, resulting in lack of the right capacity at the right time, demand pressures, bottlenecks, inability to plan and overspending.	CD CYPS	CSD AD SR (HE)	M	M	H	H	H	2	6	30/09/2022	L	M	M	H	M	3	Y	CYPS LT
◀▶	<b>24/178 - Information Governance and Health and Safety - Health and Safety part under review</b>	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate resulting in potential Corporate Manslaughter, increased cost/claims, fines/prosecution, criticism and damage to the Council's reputation.	Chief Exec	CD CYPS	M	M	H	M	H	2	8	31/10/2022	L	M	M	M	H	3	Y	CD CYPS
◀▶	<b>24/249 - Educational Outcomes</b>	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding, given the current Covid pressures and lack of 2020 data, results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.	CD CYPS	CYPS AD E&S	M	M	M	L	H	2	10	30/09/2022	L	M	M	L	H	3	Y	CD CYPS

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## CYPS Directorate

Risk Register: **month 6 (Apr 2022) – summary**

Next Review Due: **October 2022**

Report Date: **12<sup>th</sup> May 2022 (pw)**

Identity			Person		Classification											Fallback Plan				
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
- new -	<b>24/280 - Schools White Paper - "To Be Developed"</b>	Failure to manage the response to the implications in the Schools White Paper resulting in inability to effectively support schools with appropriate standards, support, functions and sustainability; poor staff morale	CD CYPS	CYPS AD E&S	L	M	H	M	H	3	2	30/06/2022	L	M	H	M	H	3	N	

Key	
▲	Risk Ranking has worsened since last review.
▼	Risk Ranking has improved since last review
◀▶	Risk Ranking is same as last review
- new -	New or significantly altered risk

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**AUDIT COMMITTEE - PROGRAMME OF WORK 2022/23**

	<b>ANNUAL WORKPLAN</b>	<b>MAR 22</b>	<b>JUNE 22</b>	<b>SEPT 22</b>	<b>OCT 22</b>	<b>NOV 22</b>	<b>DEC 22</b>	<b>MAR 23</b>
	<b>Audit Committee Agenda Items</b>							
<b>A</b>	Training for Members (as necessary)	4	2	3	1			
	Annual Internal Audit Plan	x	x					x
	Annual report of Head of Internal Audit		x					
	Progress Report on Annual Internal Audit Plan	x		x				x
	Internal Audit report on Children and YP's Service		x					
	Internal Audit report on Computer Audit/Corporate Themes/Contracts						x	
	Internal Audit report on Health and Adult Services						x	
	Internal Audit report on BES				x			
	Internal Audit report on Central Services	x						x
<b>B</b>	Annual Audit Letter				x			
	Annual Audit Plan (NYCC & NYPF)							
	Annual Report / Letter of the External Auditor (ISA 260)			x				
	Interim Audit Report							
	External Audit Appointments from April 2023						x	
<b>C</b>	Statement of Final Accounts including AGS (NYCC + NYPF)			x		x		
	Letter of Representation			x				
	Chairman's Annual Report				x			
	Audit Committee - terms of reference / effectiveness		x					x
	Changes in Accounting Policies	x						x
	Corporate Governance – review of Local Code + AGS	x						x
	– annual report inc re AGS		x					
	Risk Management (inc Corporate R/R) – annual report						x	
	Partnership Governance – annual report			x				
	Information Governance – annual report	x						x
	Review of Finance/Contract/Property Procedure Rules			x				
	Business Continuity – annual report					x		
	Counter Fraud (inc risk assessment) – annual report		x			x		
	Procurement and Contract Management – annual report						x	
	CIPFA FM Code						x	
Treasury Management – Executive February	x						x	
	VFM – annual assurance review		x					
<b>D</b>	Work Programme	x	x	x	x		x	x
	Progress on issues raised by the Committee (inc Treasury Management)	x	x	x	x		x	x
<b>E</b>	Agenda planning / briefing meeting							
	Audit Committee Agenda/Reports deadline							
	<b>Audit Committee Meeting Dates</b>	21/03	27/06	19/09	24/10	28/11	12/12	20/03

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- A = Internal Audit
- B = External Audit
- C = Statement of Final Accounts / Governance
- D = Other
- E = Dates

- before formal meeting
- 1 Governance of External Companies (inc NY Highways) & Commercial Investments
- 2 LGR Update – MTF&S & Governance Issues
- 3 Pensions Governance
- 4

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